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PERSONAL VALUE SYSTEMS OF MANAGERS AND THE OPERATIVE GOALS OF THE ORGANIZATION: AN IN-DEPTH ANALYSIS OF ONE FIRM

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13. ABSTRACT

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Goals were identified through interviews with managers at all organizational levels, review of company documentation (including completed appraisal reports), and observation of normal operations.

Once identified, the goals were incorporated into a questionnaire which included Prof George W. England's Personal Values Questionnaire. Each respondent was classified into one of four possible orientations on the basis of his/her responses to the personal values section, and this information was used to determine behavioral relevance scores for the goals. The organization studies was New York Telephone.

Managers were, for the most part, randomly selected from the New York City, suburban, and rural areas, and ranged in organizational level from foreman to vice president. Of the 611 questionnaires distributed, 360 were returned with useable data. The study

ABSTRACT (Cont'd)

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ABSTRACT

This study had as its objective the identification and hierarchical ranking of the operative goals of a large, established firm subject to relatively close government regulation, and recognized as possessing strong commitments to both the profit and public service motives.

Goals were identified through interviews with managers at all organizational levels, review of company documentation (including completed appraisal reports), and observation of normal operations.

Once identified, the goals were incorporated into a questionnaire which included Professor George W. England's Personal Values Questionnaire. Each respondent was classified into one of four possible orientations on the basis of his/her responses to the personal values section, and this information was used to determine behavioral relevance scores for the goals. The organization studied was New York Telephone.

Managers were, for the most part, randomly selected from the New York City, suburban, and rural areas, and ranged in organizational level from foreman to vice president. Of the 611 questionnaires distributed, 360 were returned with useable data. The study was hampered throughout by a strike of the Communications Workers of America against the company. The dispute between Plant Department craftsmen and New York Telephone was the longest in the history of American Telephone and Telegraph.

New York Telephone managers appear to place highest importance on goals concerned with the upgrading of the quality of service provided by the company. This result was consistent with the company's first ranked official goal.

The managers' second ranked emphasis appeared to be employee welfare oriented goals. This ranking was not consistent with the company's second ranked official goal, improving the rate of return earned on invested capital. In the final ranking, profit oriented goals finished a distant third to service and employee welfare oriented goals.

The primary orientation of the organization was found to be moral-ethical. This result was not consistent with the survey conducted by Professor England of 1072 American managers. In his study, England found pragmatic primary orientations to predominate. The author suspects that moral-ethical primary orientations might be drawn towards utilities, but also recognizes that significant differences exist between England's sample and that of this research -- primarily in the organizational level of the respondents and the size of the firms for which they work.

Chi Square tests (0.05 level of significance) were conducted between personal and organizational variable classifications and behavioral relevance scores assigned to value concepts and operative goals, and 221 significant differences were noted. The primary orientation of the individual and

the respondent's sex were the two personal variables which accounted for the most differences, and organizational level was the organizational variable which accounted for the most differences among that category of variables.

The sample included 117 female managers, and from their responses one can conclude that they appear to internalize both the values and the goals of the organization more completely than their male counterparts.

A noticeable gulf appears to exist between first level managers (foremen) and higher level managers in their respective rankings of value concepts and goals. Lower level managers seemed more concerned with security and maintaining the <u>status quo</u>, while higher managers seemed to place greater importance on aggressiveness and organizational growth.

The finding that personal variables accounted for a much larger proportion of the significant differences observed in the valuation of goals (68 out of 81 differences) appears to support the suggestion of England and others that the goals of a business are strongly affected by the personal characteristics of its managers.

CHAPTER I

INTRODUCTION

The recognition and conscious identification of the goals of an organization is an exacting and tedious undertaking, but one which can be of utmost importance to the effective functioning of the organization. Reduced to simplest terms, if an organization does not know where it is going, it really doesn't know the reasons for doing the things it does — and any effectiveness it enjoys is largely a fortuitous circumstance.

Paradoxically, it is the relatively rare organization which is willing (or able) to exercise the required objectivity and expend the necessary effort to clearly identify and communicate its goals. For many organizations goals appear to be purposefully general and vague statements of organization interest, whose primary function is to keep from tying the hands of the leadership. As a tactic, this procedure is not without merit. However, if this tactic inhibits the leadership in the recognition of organization goals and the communication of the goals throughout the organization, it might carry an extremely dear price tag; with the price measured in terms of organization ineffectiveness and the alienation — or even hostility — of organization members.

In today's events we can witness a multitude of organizations — political, religious, social, governmental, and business — in the midst of identity crises of one form or other.

The Catholic Church has its married priests, its increasingly vocal and critical laity; the U.S. Army has its contingent of deserters in Sweden, incidents wherein entire platoons or companies refuse to enter combat, and 218 documented cases of "fragging" in 1969 alone; image consultants are doing a land office business as many firms attempt to discover who they are and where they are going; and of course one might validly ask whatever happened to the New Left political movement. In all of these cases, as well as in countless others, one might reasonably speculate on the possibility of ill-defined, poorly communicated, or out-moded organization goals being one of the root causes of ineffectiveness or member hostility.

Systems theory enables us to look upon the organization as an open system, composed of different subsystems, all of which are continuously interacting with themselves and the environment. Since the inputs from the environment — political, social, legal, economic, and technological — are constantly changing, this view of the organization is a dynamic one. But how do organization goals react to such change? If sufficiently vague, such favored stand-bys as "to make a reasonable rate of return" will always apply. However, are platitudes of this nature really what we are interested in when we want to consider the goals of an organization? Normally we would be interested in more definitive aims, recognition of which is evidenced throughout the organization.

When we search for pervasiveness of goal recognition, we actually make the transition, in the terminology of the sociologists, from official to operative organization goals. Where as official goals are intended primarily for external consumption (or sometimes as compromises when various officials cannot agree), operative goals are those which provide the bases for policy formulation, daily operating decisions, design and emphasis of the organization's control systems, etc.

Operative goals are interesting on several points — not the least of which are that they exist even when there is no conscious process of organizational goal setting. Where official goals do exist, operative goals may be supportive to, unaffected by, or diametrically opposed to the official goals.

Clearly, operative goals do not just fall from the blue; they are the net result of the interactions of numerous internal and external pressures. However, one constant does exist in the scheme and that constant is people. Organizations are composed of people and people often have the annoying characteristic of emphasizing what is important to them — sometimes at the expense of the organization and its goals. The larger the organization, the more people there are to influence goals, and the more complex the task of discerning to which drummer it is that the organization marches.

Official goals are also influenced by individuals, but for the most part the setting of official goals is restricted

to the upper realms of management — members of executive committees, chief operating officers, executive vice-presidents, and so forth. Official goals will, in the main, be determined by how these officers assess the strengths and weaknesses of the organization and how they perceive the environment — i.e., what opportunities exist, what problems seem potentially critical, etc.

Any meaningful analysis of organization goals, therefore, should reflect the relationship between the members and the goals of the organization. One approach which seems to hold particular promise makes use of the personal value systems of managers within an organization. It is this approach that has been adopted for the research reported herein.

At this point it would be well to restate that a large debt is owed the New York Telephone Company. If it had not been for the openness and cooperation of its management personnel, this research could not have taken the direction that it did. Throughout the study not a question went unanswered, nor was a single door closed to the researcher.

1. PURPOSE

a. General:

To add to the body of knowledge about organization goals by providing empirical evidence concerning the relationships of organization goals with the personal value systems of managers in a large, established firm subject to relatively close government regulation, and recognized as possessing strong commitments to both the profit and public service motives.

b. Specific:

(1) On an organization-wide basis:

(a) To establish a hierarchy of operative goals of the firm by using a valuation system based on the personal value systems of the firm's managers.

(b) To examine the compatibility of official and operative goals of the firm.

(c) By classifying the managers' valuation of operative goals according to personal and organizational variables, identify significant differences and attempt to determine the possible impact of the differences upon the firm.

(d) By classifying the managers' responses to personal value concepts according to personal and organizational variables, identify significant differences and attempt to determine the potential impact of the differences upon the organization.

(e) To compare the findings with previous research, and attempt to analyse any differences which might be found.

[Note: a search of the literature has failed to uncover any in-depth analyses of the goals of a single firm. All of the previous research found utilized the approach of surveying managers from many different organizations. Also, in the past the major emphasis has been on managers in the top two or three levels of the hierarchy; very little attention has been devoted to the lower levels of management.]

(2) On a selective basis:

To determine what differences, if any, exist between comparable organization sub-units in the valuation of operative goals and personal value systems concepts by their respective managers. The sub-units, ...sen by management and the researcher, will include effective and marginally effective elements. Organization effectiveness for this purpose will be determined by degree of success in meeting standards established by the formal control system of the firm. An analysis similar to that performed on the entire organization will then be conducted on the sub-units, and an attempt made to determine in terms of operative goals and personal value systems, the reasons underlying the differences in performance.

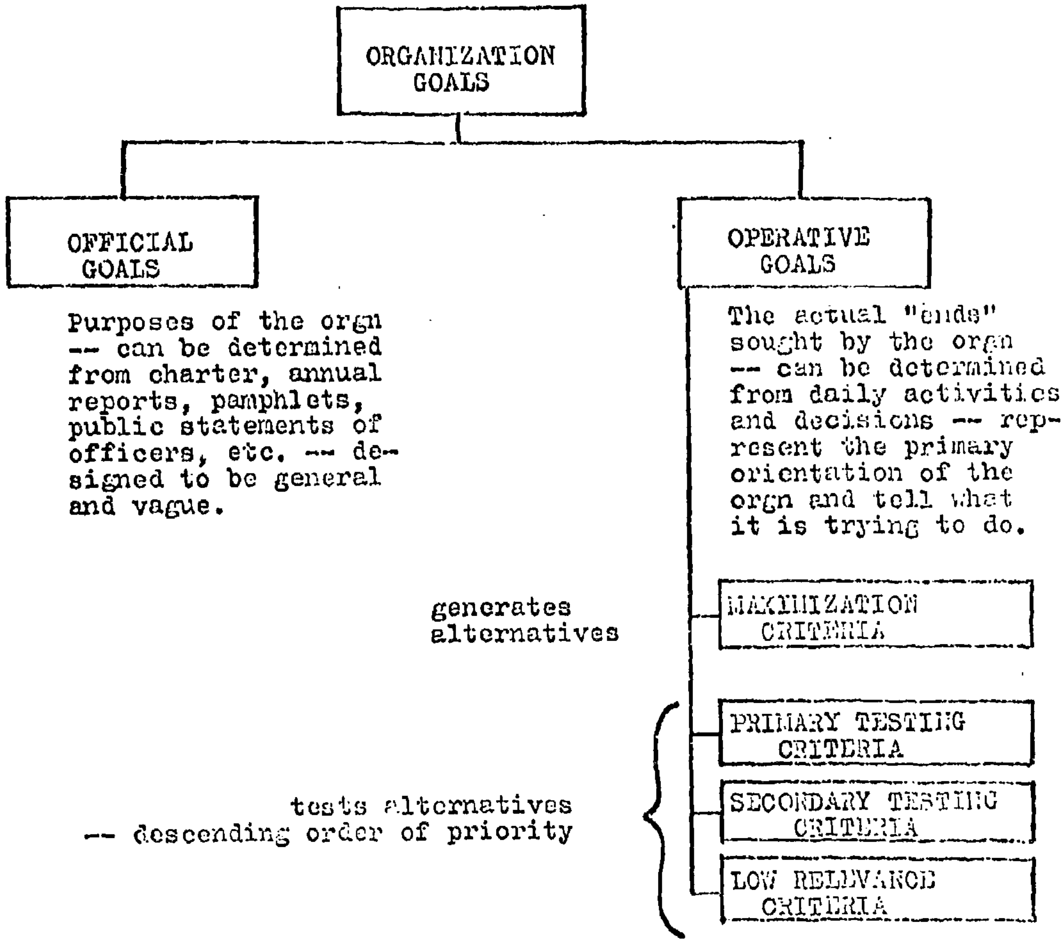
2. RATIONALE

a. On Organization Goals.

As mentioned previously, organization goals may be divided into two broad classifications: official goals and operative goals. (See Figure 1 on following page.)

The sub-categories of operative goals are basically derived from the work of Herbert Simon [1964], in which he analyzes the subject of organization goals from the viewpoint of decision-making. The functions of these sub-categories will be discussed at further length in the section on the Theoretical Model and also in the next chapter. Essentially, however, the sub-categories can best be appreciated by recognizing that the more important operative goals will cause

FIGURE 1



CLASSIFICATION OF ORGANIZATION GOALS

alternatives (courses of action) to be generated, while those of lesser importance will be used as criteria against which the alternatives will be checked.

In considering this dual classification of organization goals we should recognize that the two are not mutually exclusive. An official goal can also be an operative goal, although the latter would normally be much more specific than the former. What we would normally expect to find would be virtually all of the official goals reflected in some manner among the operative goals. As interesting as the matching of official with operative goals may be, of even greater import is the emphasis given the various goals: the relative ranking of the official goals by upper management, and the importance placed on the various operative goals by management at all levels in the organization.

Returning to the concept of the organization as an open system, it can be recognized that in a dynamic environment it will be the operative goals that will be the first to respond to the demands of the environment. Official goals will either be so general that no response will be required, or else because of their institutional-like nature and the formal deliberations which must precede their revision, they will hopelessly lag the operative goals. Operative goals, therefore, are of prime interest to the individual intent on researching organization goals for as Perrow [1961] observed, these are the goals shaped by the particular problems or tasks an organization must

emphasize — these truly indicate what an organization is trying to do.

b. On Personal Values.

Goals do not make decisions, people do. To attempt to analyze an organization's operative goals without recognizing the importance of the personal values of its decision-makers would be futile. If research on an organization's operative goals is to be truly meaningful, the behavioral relevance of those factors influencing the manager within the organization must be considered. In line with recent research, it is held that the personal value systems of managers is such a factor.

For purposes of this research we shall consider a personal value system to be "...relatively permanent perceptual framework which shapes and influences the general nature of an individual's behavior."[England, 1967a] Stated a little differently, it can be looked upon as a conception — explicit or implicit — of what an individual or an organization regards as <u>desireable</u>, and can be viewed in the light of which means and ends he/they select from among the alternatives available. [Guth & Tagiuri, 1965] In short, personal value systems can be thought of as a major component of the guidance system an individual or group uses when faced with choices of alternatives.

The significance of managers' personal value systems to the organization can be understood by reflecting for a moment on the impact that they have on the daily functioning of the organization, its members, customers, government regulators,

and the general public. Consider that the personal values of a manager directly influence:

* his perception of problems and daily events,
* his interpretation of policy and official organization goals,
* his decision-making,
* his dealings with individuals and groups — both within and external to the organization,
* his determination of what is ethical or unethical, and
* his interpretation of individual and organizational success and achievement.

Personal value systems, therefore, exert significant influence in determining whether the manager accepts, ignores, or is hostile to both the official and the operative goals of the organization. The term "goal conflict" is normally used to indicate a lack of congruence between individual goals (a component of personal value systems) and organization goals; however, recent events which appear to have been at least partially caused by this problem make this term seem somewhat pale. Certainly, if the violence and various extreme forms of "disobedience" which we have observed over the past several years were in fact outcomes of the disharmony of goals, perhaps the time has come to coin a new phrase: "goal hostility." More will be said about this subject in the Theoretical Model section.

c. On Measuring the Personal Value Systems of Managers.

The method used in measuring the personal value systems of managers was developed by Professor George W. England of the Industrial Relations and Psychology Department of the University of Minnesota. England's approach represents an adaptation of Osgood's[1957] methodology in that he attempts to determine a manager's values through the use of a carefully specified set of concepts or topics, and a system of measurement utilizing gradated adjectives — i.e., high importance, average importance, and low importance. The concepts were reduced to a final set of 66 from an initial pool of 200 after considerable screening, experimentation, and review by a panel of experts.

The final set of 66 concepts — drawn from the literature dealing with organizations, individual and group behavior, and also including general ideological and philosophical concepts — are categorized in the following five classes:

* goals of business organizations,
* personal goals,
* groups of people,
* ideas associated with people, and
* ideas about general topics.

Figure 2 lists the specific concepts included under each of the above classifications.

England's basic rationale was founded on the widely-held belief that the meanings attached by an individual to a

FIGURE 2

CONCEPTS USED TO MEASURE MANAGERS' VALUES

Goals of Business Organizations	Personal Goals of Individuals	Groups of People
High Productivity	Leisure	Employees
Industry Leadership	Dignity	Customers
Employee Welfare	Achievement	My Co-workers
Organizational Stability	Autonomy	Craftsmen
Profit Maximization	Money	My Boss
Organizational Efficiency	Individuality	Managers
Social Welfare	Job Satisfaction	Owners
Organizational Growth	Influence	My Subordinates
	Security	Laborers
	Power	My Company
	Creativity	Blue Collar Workers
	Success	Government
	Prestige	Stockholders
		Technical Employees
		Me
		Labor Unions
		White Collar Employees

Ideas Associated with People	Ideas About General Topics
Ambition	Authority
Ability	Caution
Obedience	Change
Trust	Competition
Aggressiveness	Compromise
Loyalty	Conflict
Prejudice	Conservatism
Compassion	Emotions
Skill	Equality
Cooperation	Force
Tolerance	Liberalism
Conformity	Property
Honor	Rational
	Religion
	Risk

carefully specified set of concepts will provide a useful description of his value system, which in turn will be related to his behavior in understandable ways. His means of implementing this rationale took the form of a Personal Values Questionnaire (PVQ). The PVQ employs a dual scheme of valuation. (See Figure 3.) For the power mode of valuation the respondent indicates how important a concept is to him by placing an "X" in the appropriate box. He then indicates why he considered the concept to be important/unimportant by placing the number "1" next to the description (pleasant, right, or successful) which best indicates the meaning to the

FIGURE 3

QUESTIONNAIRE VALUATION SYSTEM

```
***********************************************************
*                    Patriotism                           *
*                                                         *
*       High          ___ ___ ___        Low              *
*    Importance       ___ ___ ___     Importance          *
*                  _2_ pleasant                           *
*                  _1_ right                              *
*                  _3_ successful                         *
*                                                         *
***********************************************************
```

individual. Next he would indicate which description least indicates the meaning to him by placing the number "3" next to it. Finally, he would write the number "2" on the line next to the remaining description. In the event none of the descriptions seem appropriate to the respondent, he would start by placing the number "3" next to the description that least describes the meaning of the concept to him. England refers

to the "successful" scale as being pragmatically oriented, the "right" scale as ethical-moral, and the "pleasant" as affect or feeling.

As a result of this design the PVQ enables the researcher to determine not only how important the manager believes a concept to be, but also why it is important. The results, therefore, can be classified in a 3x3 matrix using the power and description modes of valuation as criteria, and analyzed in this form. (See Figure 4.) If the majority of managers completing the questionnaire assigned more of the concepts to the "high importance-successful" cell than to any other (as England[1967a] found in his multi-industry survey), we might logically conclude that the primary orientation of the organization was pragmatic. If the majority assigned more to the "high importance-right" cell, we would conclude that the primary orientation was ethical-moral.

Whatever the primary orientation of the organization, it seems quite reasonable to assume that a meaningful general measure of behavioral relevance of a personal value or organization goal would be the percentage of managers who ranked a value or goal in a manner consistent with their individual primary orientations — that is to say, the percentage of managers in an organization who ranked an operative goal as being of "high importance" and gave a reason for that ranking which was consistent with their individual primary orientations, would provide a useful measure of the importance of that goal.

FIGURE 4

VALUATION MATRIX

		POWER MODE OF VALUATION		
		High Importance	Avg Importance	Low Importance
DESCRIPTION MODE	Successful			
	Right			
	Pleasant			

d. On the General Methodology Used.

The initial step in this research was to identify the official and operative goals of the organization. The official goals presented no problem, since they were easily discernible from the pronouncements made by officials speaking in their corporate capacities and from official documentation of the firm studied.

Operative goals, however, proved to be more of a challenge. To identify these goals the researcher spent approximately three months observing the functioning of the organization, conducting informal interviews with managers at all levels, and examining company documentation. From these efforts a list of operative goals was developed.

The operative goals were then put into the same format as England's personal value concepts and placed in a questionnaire along with his 66 concepts. Also included in the questionnaire was a third section, Personal Information. This last section was designed to reflect the specific nature of the organization being studied, and to provide possible insights into subjects of current interest to students of Organization Behavior. (The entire questionnaire is attached as Appendix A.)

At this point a pilot test was conducted among 55 managers selected from the Upstate Territory. Experience from the pilot test was then applied to the selection of respondents and the processing of data for the remainder of the study.

Using the data from the personal values section of the questionnaire, the primary orientation of each manager was determined, and this information used to establish the relative importance of the goals contained in the second section. The operative goals were then compared with the official goals for content and relative ranking.

A framework such as that depicted in Figure 5, was then used to implement an "exception" approach to examine personal and organizational differences in relation to the valuation of the personal value concepts and the organization's operative goals. Differences were then analyzed in an attempt to determine their significance to the organization — e.g., might the differences normally be expected to occur because of functional, structural, or personal differences and offer no particular problem to the organization, or do they indicate schisms which might cause (or be causing) conflict between individuals and the organization with a resulting impairment in organizational effecitveness. Differences were considered to exist when indicated by a Chi-Square analysis (0.05 level of significance).

e. On Why the Research is Limited to Only One Firm...

One obvious question that might well be asked is why limit this study to only one organization. The economist, the management generalist, and even the psychologist, might well prefer to see a greater cross-section of organizations taken. Perhaps, then, differences could be noted between industries, unionized and non-union firms, firms with market power and those without,

FIGURE 5

ANALYSIS MATRIX

		PERSONAL VALUES AND OPERATIVE GOALS								
		High Importance - Successful	High Importance - Right	High Importance - Pleasant	Avg Importance - Successful	Avg Importance - Right	Avg Importance - Pleasant	Low Importance - Successful	Low Importance - Right	Low Importance - Pleasant
PERSONAL VARIABLES	Years with Company									
	Managerial Experience									
	Age									
	Amount of Education									
	o o o									
ORGN VARIABLES	Organizational Level									
	Line/Staff Position									
	Geographic Location									
	o o o									

and so forth. Certainly, the arguments that could be made for a survey-type approach are numerous and have validity.

One of the most compelling reasons for the approach that the researcher has chosen is rooted in personal experience. During his Air Force career and in some work as a management consultant, he has had the opportunity to perform a number of in-depth organizational analyses. Inevitably, there was the initial hang-up on <u>really</u> understanding goals — even in the cases of government agencies where reams of documents existed dealing with the subject of goals. As a result of these and other experiences he has come to view organization goals as something of an iceberg — there is much more to them than meets the eye. It is contended that before you can truly understand the goals of an organization, you must first understand the forces being exerted upon it; both internally and externally. By stating this it is not meant to make little of the work of England [1967], Dent [1958], nor Graham [1968]. These men, and a number of others, with their survey-type approaches covering many firms and industries, have made significant contributions with their research. None claim universality for their findings, and all caution that variations will exist from individual-to-individual as well as from organization-to-organization. Therefore, the researcher does not consider himself to be in a different ideological camp as Starbuck [1968] proposes, but rather as performing complementary research which hopefully will enrich rather than confound their

findings. In short, it is expected that this in-depth research on one organization will function as both a form of cross-check and an appendix to their work.

f. On Profit and Service Motives...

The reason for the researcher's desire to study a large, established organization with strong profit and public service motives are varied, but center primarily about convictions held concerning changes which will take place in our society over the next 25 years.

With the demise of the Industrial Society, which we are now witnessing, will come the evolution of the Post-Industrial Society. It is believed that in this phase of our development we will see increased socialization without the Federal Government actually assuming ownership. In recent times we can see evidence of this trend in defense-related industries. The blurring of the line between government and business in these industries has now reached the point where it is difficult to distinguish just where the government ends and private enterprise begins. This is a trend which is expected to extend into other industries; especially as private enterprise performs functions which historically were in the purview of government. Therefore, research on an organization experienced at working in such an environment might provide some forward-looking results.

Perhaps more pragmatically, the selection of such an organization seems desireable because as Williamson [1964] puts it, "...when the conditions of competition are relaxed...

the opportunity set of the firm is expanded." In other words, with such an organization there is a good likelihood that we will be able to study a wider range of organization goals than if we picked a firm concentrating on survival.

The organization which serves as the object of this research, New York Telephone Company, fills the bill in a number of ways. Along with its partners in the Bell System, it forms a corporate entity which is highly sophisticated, which from the days of the Hawthorne Studies has been at the forefront of organizational innovation, and which has learned to survive and prosper under vigorous state and federal government regulation. More will be said about New York Telephone Company in Chapter III.

3. THEORETICAL MODEL

Before addressing ourselves directly to the theoretical model it might be well to first consider the classification scheme for operative goals and personal values.

a. Classification of Operative Goals...

Recall that the general indicator of the behavioral relevance of the operative goals of the firm will be the percentage of all managers who valuate a goal as being of "high importance" and give a description (pleasant, successful, or right) which is consistent with their individual primary orientations. As previously mentioned, their primary orientations will be established by their valuation of the personal value concepts contained in Section I of the questionnaire.

After the data have been analyzed for all managers completing the questionnaire, a listing will be developed reflecting the percentage of joint selection ("high importance" and primary orientation descriptor) of each operative goal. For purposes of this research we will use what is basically England's [1967b] goal classification scheme. (See Figure 6 on next page.) This scheme recognizes Simon's [1964] hypothesis that goals either function to generate alternatives, or as something akin to constraint sets to test alternatives.

In the first category are those goals to which Simon would refer to as "maximization criteria." Included in this group might be all operative goals which received a joint selection by 50% or more of the managers queried. These goals would constitute the alternative generators — it is this subset of goals which managers attempt to influence in the course of their daily activities as managers in the firm.

The second subset of goals is labeled "associative status goals" by England. Included in this category might be the operative goals receiving a joint valuation of 20-49%. The goals in this grouping would normally not be sought as ends in themselves, but would function as primary testing criteria.

The goals in the third category are called "intended goals." These are vocalized goals which, while held-up as something worth striving for, have less influence on managerial behavior than the previous classes. Goals in this subset might receive a joint valuation of 10-19%. Typically,

FIGURE 6

GOAL CLASSIFICATION MATRIX*

Goal Categories	Primary Functions	Behavioral Relevance	% of Joint Selection**
Maximization Criteria	Alternative Generation	High	50% and above
Associative Status	Alternative Testing	Moderately High	20-49%
Intended Goals	Alternative Testing	Low-Medium	10-19%
Low	----	Nil	0-9%

*Adopted from England [1967b, p.111].

**It was recognized from the start that the distribution of percentages might well vary from that found by England. Differences were, in fact, expected because of the concentration on the operative goals of a single organization vice the valuation of broad goal concepts by members of different organizations.

these goals would be expected to receive a greater "high importance" rating than "associative status goals," but the percentage of managers giving a description consistent with their primary orientation would be quite low.

Goals in the fourth and final group are referred to as "low relevance goals." These are what the writer calls "eyewash" goals. Whereas the goals in the previous category were at least considered to be important, low relevance goals do not even have that going for them. Their impact on managerial behavior essentially would be nil. This view is supported by the low joint valuation (0-9%) and a low rating of "high importance" by managers.

b. Classification of Personal Values...

In discussing the classification of personal values, we will return to the 3x3 matrix considered earlier. For ease and clarity of explanation, we will assume the primary orientation of the individual being classified has been found to be pragmatic. (Exactly how the primary orientation is determined will be covered in detail in Chapter IV.)

Figure 7 on the following page, therefore, depicts the various classifications of personal values. As can be seen from the illustration, personal values are placed in four classifications: 1) motive values; 2) adopted values; 3) intended values; and 4) low relevance values. These classifications are essentially identical to those used by England [1967a].

FIGURE 7

VALUATION MATRIX FOR AN INDIVIDUAL
WITH A PRAGMATIC PRIMARY ORIENTATION

POWER MODE OF VALUATION

DESCRIPTION MODE		High Importance	Avg Importance	Low Importance
	Successful	Motive Values	Adopted Values	
	Right	Intended Values	Low Relevance Values	
	Pleasant			

Motive values, like operative goals, play a major role in influencing managerial behavior. Likewise, they exert a similar influence in determining the character or personality of an organization when a composite of all managers' personal value systems is formed. Since these values have a direct impact on behavior, they also (along with the "maximization criteria" subset of operative goals) can be conceived of as controlling the generation of alternatives.

Adopted values are those values which the manager considers to be of secondary importance, which he has succeeded in at least partially internalizing. In the case of the pragmatically oriented manager, adopted values would be those he considers of secondary importance, but which the organization seems (to him at any rate) to value. One might speculate that the difference between motive and adopted values centers about degree of internalization. It could be that although the hypothetical manager of the illustration is aware of the importance of the adopted values in the organizational environment, he cannot internalize them to the same degree as the motive values. Therefore, adopted values could conceivably indicate a source of potential conflict.

Intended values are significant from the viewpoint that these are socio-culturally induced values which the individual has probably considered highly important throughout most of his life, but which do not seem to be valued by the organization. In the illustration these too would be a potential

source of conflict since, for the indivual, the organization is at odds with what societal, familial, and religious influences have induced him to value.

Low behavioral relevance values would not be expected to exercise any significant influence on the manager's behavior or decision-making. This is not to say that they could not be of high importance to other managers or to rank and file members of the organization, but to the manager in question they are of little concern.

c. A Word on the Demands of the Environment.

Before proceeding to the actual model, it might be well to briefly consider the demands of the environment and their impact upon a business organization. For the purposes of this study we will consider the demands of the environment to be economic, political, legal, technological, or social in nature.

Economic demands are envisioned to be the demands of the marketplace. Affected by the general state of the economy, they include considerations concerned with the actions of the competition, demand for the firm's products or services, the introduction of new products, diversification, growth, etc. As Learned et al. [1969] note, the economic demands of the environment require "...a matching of opportunity and corporate capability at an acceptable level of risk."

Although the political demands of the environment might be more dramatically illustrated with a multinational company doing business today in Allende's Chile or in the Middle East,

one need not go to such an extreme. Clearly, even in the U.S. we are aware of certain differences between Democratic and Republican administrations — just as there would be differences between a Nixon Administration and those of fellow Republicans Reagan or Rockefeller. Political considerations are facts of life which, while at best ill-defined and subject to rapid change, must be factored into the decision-making processes of large organizations.

Firms which have run aground on the shoals of anti-trust legislation or who have suffered the agonies of an unfavorable NLRB ruling can testify as to the necessity of considering the legal demands of the environment. In truth, most organizations which find themselves in trouble do so, not because they were ignorant of or chose to ignore the law, but because they were insensitive to the winds of social and political change; with the change occurring in exactly that order. As a result, today we see eighty-year-old laws being resurrected to prosecute firms for pollution of our natural environment.

A graphic illustration of the impact of social demands can be seen today in what is referred to as "consumerism." Although the time had undoubtedly come for the idea, how could one realistically assess the impact that Ralph Nader and his followers have had on American business and governmental organizations? What will be the ultimate cost to General Motors for having attempted to discredit Nader instead of recognizing the significance and inevitability of his movement? Although an

overly dramatic example, consumerism does illustrate the type of demand that can be placed on the business organization by social pressure.

So much has been said and written in recent years about technological change that to go into it in any detail here would be to belabor the obvious. Suffice it to say, the pace and impact of technological change over the past two decades has been startling. Business firms which found themselves reacting <u>to</u> rather than <u>with</u> technological change have seen their shares of the market devoured by their competition — some of which came from totally unexpected directions.

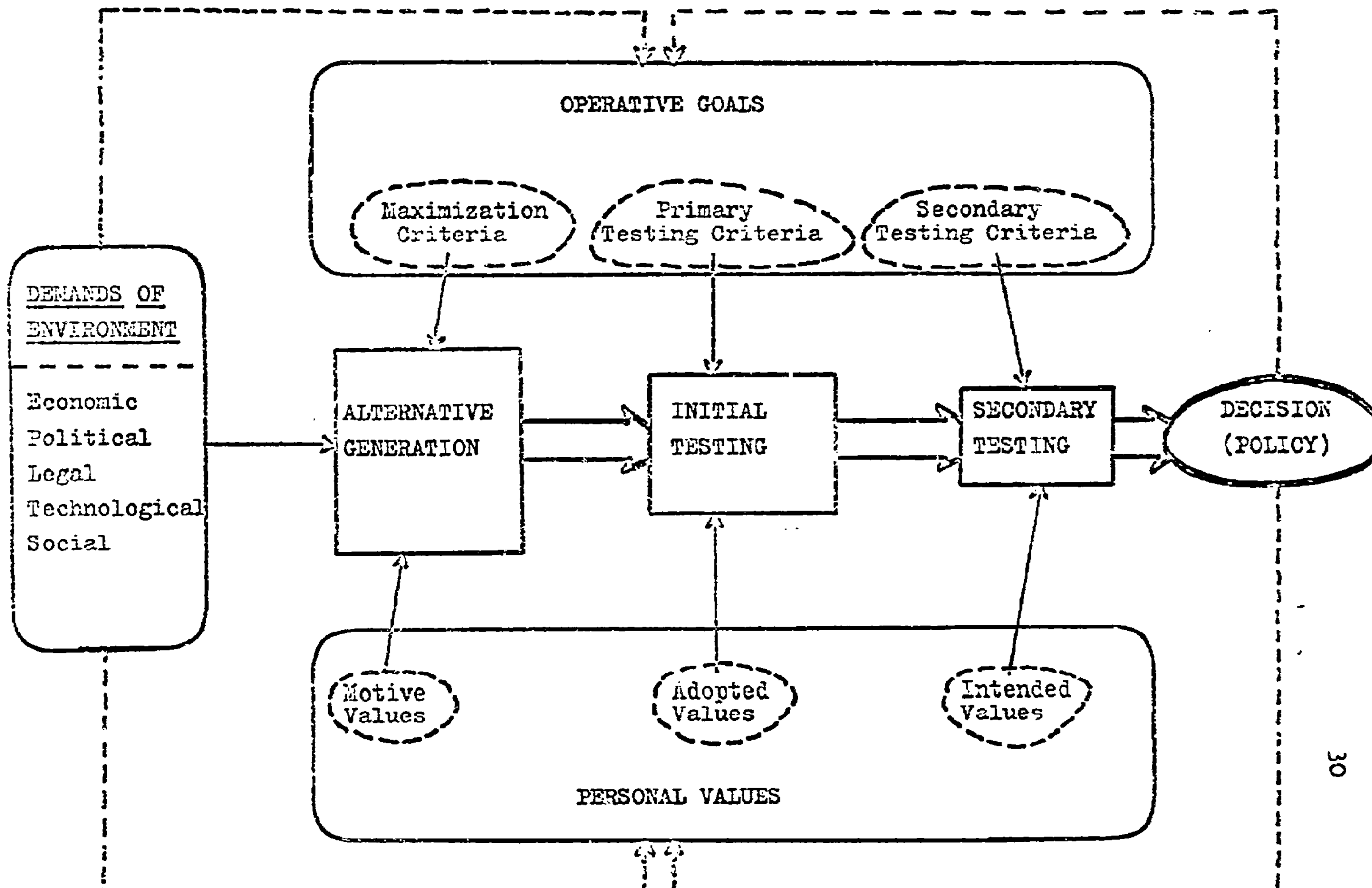
d. The Model.

Figure 8 on the following page represents the theoretical model underlying this study. Influenced in great part by George England, it also reflects the thinking of a number of other theorists and, as invariably happens, is tinted by the personal experiences and prejudices of the researcher.

The model attempts to portray the dynamic interaction of the demands of the environment with operative organization goals and the personal value systems of managers. As shown, decision-making or the development of a policy is a multi-step process. The process can be initiated by one of three sources: demands of the environment; motive values of the managers; or maximization criteria, the subset of operative goals exerting the greatest influence on managerial behavior. It is believed that insofar as <u>frequency</u> of generation of alternatives is

FIGURE 8

THEORETICAL MODEL



concerned, personal values and operative goals hold a significant edge over the demands of the environment. However, the significance of this is moderated by the fact that the environment exerts a continual influence upon both personal values and operative goals. Normally, when a major shift is detected in policy or goals, one might look with some certainty for evidence that some new demand by the environment has been recognized by the organization. An obvious exception to this would be shifts resulting from a change in leadership. It can also be noted from the model that the continuing influence of the environment is indirectly reinforced by virtue of the fact that decisions themselves, as well as the success or diversity they meet, also influence goals and personal values via feedback loops.

Returning to the subject of initiation of alternatives. it can be seen that while one of the three inputs might cause an alternative to be generated, the other two inputs would still be present, acting in the capacity of constraint sets.

The initial testing step reflects the testing of alternatives against associative status goals (primary testing criteria) and adopted values. Secondary testing pits intended values and goals (secondary testing criteria) against the alternatives as they emerge from initial testing. Note that intended values, although receiving a rating of "high importance," are secondary to adopted values with their ratings of "average importance" and "low importance."

Modification of alternatives is possible at either of the testing stages, but outright rejection is considered highly unlikely. Although not apparent from the figure, associative status goals on occasion could cause alternatives to be generated. In this eventuality it would seem likely that, due to a shift in emphasis, the particular goal in question had temporarily moved from the second to the first (maximization criteria) subset. This brings to light an inherent weakness in attempting to arrive at a comprehensive understanding of the goals of an organization in a limited period of time. Although there undoubtedly is a general framework of operative goals which govern the actions of an organization for significant periods of time, at one time or other we have all fallen victim to the vagaries of shifting emphasis. For example, a relatively serious accident occurs on the job, and so for the next couple of weeks there is a tremendous emphasis on work safety. For that short period of time it almost seems as though the primary goal of the organization is to prevent accidents. It is hoped that by concentrating on one organization, such as has been done in this research, and combining interviews and intensive observation with the questionnaire, the possibility of not recognizing such shifts will be minimized.

Conflict for the individual in the organization can occur at any step in the process. In the first step demands of the environment can operate at cross purposes to maximization

criteria or motive values. Conflict at this point, however, is not expected to pose any great problems for the managers since issues are normally relatively well defined and ego involvement at the lowest level in the process. It is in the second step, initial testing, that the potential for inner stress begins to assume significant dimensions. As has already been noted, it is at this point the individual would subjugate intended to adopted values. In the case of an individual with a pragmatic primary orientation, for example, values which he believes to be relatively unimportant are placed by himself over those which he "knows" are important. Such a situation holds a strong potential for inner turmoil.

In the final stage alternatives may yield but little (if at all) to intended values and goals. In extreme cases this could be the point at which the final straw is added. In fact, it is here that I believe goal hostility enters the picture. The inner stress caused by repeatedly being called upon to ignore goals and values he "knows" are important and pursue courses of action which are inherently incompatible with personal values — whether he be a platoon leader in Viet Nam, a parish priest, or a manager in some business firm — sets forces in motion which could spell disaster for the individual, the organization, or both.

4. HYPOTHESES

The hypotheses to be tested in this study are all reasonably familiar to students of organizational behavior. Some

have been subjected to rigorous testing, while others come under the classification of "conventional wisdom." What is somewhat different about this research is its vertical dimension — i.e., narrowing the focus to a single organization, and examining the personal values and operative goals of managers at all levels of the company.

With the exception of the first hypothesis, the hypotheses are stated in their null forms and followed by statements of what was actually expected to be found.

The hypotheses are:

1. The primary orientation is pragmatic — i.e., a majority of the managers completing the questionnaire will assign more of the concepts in the personal values section to the "high importance-successful" cell than any other.

2. There is no statistically significant relationship between organizational variables and the classification of personal value concepts in Part I of the questionnaire.

Since we are dealing with some 66 concepts, it would have been tedious to speculate beforehand on how each concept might relate to organizational variable differences. However, in keeping with some commonly held "truths" some preconceptions were inevitable. For example, it was believed that the higher an individual rose in the managerial hierarchy, up to a certain level, the more likely it would be that his motive values would be "narrow" — that is, primarily related to organizational

life. It was also expected that a manager moving up the ladder would have a personal value system which England [1967a] characterizes as "hard" — e.g., includes such motive values as Ambition, Obedience, Aggressiveness, Achievement, Success, Competition, Risk, and Force.

Since managers at the lower three levels working in the three primary line departments (Plant, Commercial, and Traffic) have more direct dealings with union representatives, it seemed reasonable to expect that they would place greater emphasis on such concepts as Craftsmen, Laborers, Blue Collar Workers, Technical Employees, and Labor Unions. Further justification for this expectation stemmed from the knowledge that the Communications Workers of America would be negotiating a new contract during the period of the study, and that the possibility of a nationwide strike against the Bell System was quite likely.

3. There is no statistically significant relationship between personal variables and the classification of personal values in Part I of the questionnaire.

Influenced by the plethora of material written in recent years concerning the "different" values of young people, the researcher considered how evidence of the oft-discussed "generation gap" might manifest itself. The thought occurred that if a significant difference existed, a likely way in which it might surface would be in the form of "soft" personal value systems among younger managers — i.e., young managers would

place more emphasis on such concepts as Employee Welfare, Social Welfare, Dignity, Leisure, Creativity, Tolerance, Equality, and Liberalism. The generation gap hypothesis, however, was discarded after further thought on the subject. In its stead a "fusion process" hypothesis was adopted. This holds that a young person's individual values are profoundly affected by the orientation of the organization in which he or she works. This is not to say that the individual completely abandons strongly held personal values which seem to be incompatible with those valued by the organization; rather, it is suggested that more often than not a process is initiated whereby those values ultimately become relegated to positions of low behavioral relevance. The values which the individual persists in valuing — even though they are given little weight by the organization — form the seeds of conflict which possess the potential for ultimately blossoming into goal hostility.

No hypothesis was formed concerning probable differences between male and female managers. On the basis of Myer's work at Texas Instruments, a suspicion arose that female managers might adopt the values of the organization more completely than their male counterparts, but sufficient doubt existed to inhibit the formulation of any such hypothesis.

The subject of education and the manager seems to be a perennial favorite in many of the journals, with the various authors taking opposite sides on the question of whether or

not graduate education is of any value to the manager. (Livingston's "Myth of the Well-Educated Manager," Harvard Business Review, Jan-Feb 1971, is a good example of the type of article to which reference is made.) While this research could hardly provide a categorical answer to the controversy, it can provide some insight into how the personal value systems of managers with graduate degrees differ from those of other managers. It can do the same for their respective valuations of operative goals. It was believed that there would be no significant differences. Among college graduates, Social Sciences and Humanities majors were expected to have softer personal value systems than Engineering, Math, or Science majors.

Older managers were expected to place greater emphasis on Organizational Stability, and to downgrade the importance of such concepts as Organizational Growth, Ambition, Aggressiveness, Conflict, and Competition. It was also expected that older managers, particularly those who had reached the upper levels of the managerial hierarchy, would attach greater importance to Social Welfare than their younger colleagues.

The foregoing has discussed but a few of the thoughts that occurred while considering the personal value concepts vis-a-vis personal and organizational variables. The questionnaires were distributed with the suspicion that a veritable Pandora's Box was about to be opened.

4. There is no statistically significant relationship between personal and organizational variables and organization (operative) goals.

Some of the expected differences in the valuation of operative goals have already been touched upon: older managers will place a higher level of importance on goals dealing with social welfare than will their younger colleagues; there will be no significant relationship between level of education and the valuation of goals; younger managers will place higher valuations on goals concerned with organization growth; and middle-aged managers will place greater stress on organizational stability and harmony. Managers who do not possess college degrees were also expected to value goals dealing with these aims and with job security.

Since New York Telephone Company is wholly owned by AT&T, it was expected that goals dealing with stockholders and dividends would receive less emphasis than those dealing with customer service and employee welfare — particularly among managers in the lower three or four levels. It also was expected that managers in those departments which require that their personnel have direct contact with customers (e.g., Commercial and Plant) would give greater emphasis to service oriented goals than their counterparts who do not deal directly with the public.

5. There is no difference in the valuation of operative goals between highly effective and less effective sub-units.

It was expected that the highly effective sub-units would exhibit more uniformity in their valuation of goals than their less effective counterparts. It was doubted that there would be any appreciable differences in the hierarchal rankings of the goals, but a marked difference in the ranges of the joint selection percentages was anticipated — in this case the greater the range of the percentages, the closer would be the agreement by the managers on the relative importance of the unit's goals. The rationale behind this hypothesis was that a distinguishing characteristic of an effective group is conscious recognition by its members of the group's goals.

6. There is no statistically significant difference in the personal value systems of managers of highly effective and less effective sub-units.

It was expected that managers in highly effective sub-units would be more successful at internalizing the values which are esteemed by the organization. Evidence of this was expected to be found in the number of values assigned to the adopted and intended values cells of the 3x3 matrix. It was hypothesized that managers of highly effective units would assign fewer concepts to these cells than their counterparts in less effective groups.

5. SUMMARY

The main thrust of this research is to add to the existing body of knowledge about personal value systems of managers and the operative goals of an organization. From the outset

the researcher recognizes the interdependence of the two, and utilizes the personal value systems of the individual managers to establish the relative behavioral relevance of the different goals.

The research is implemented in four stages:

1. Initial observation, informal interviewing, examination of standard operating procedures and policies, and a review of the formal management control system. From this effort a list of operative goals was compiled. (Appendix A, Part II.)

2. Develop a questionnaire which incorporates Professor George England's 66 personal value concepts and valuation scheme, the listing of operative goals, and a Personal Information section containing personal and organizational variables relevant to New York Telephone Company. Administer a pilot test to approximately 50 managers to validate techniques of administration, data processing, and analysis of data. Distribute questionnaires to managers selected to represent a cross-section of the Company.

3. Analyze data to test the validity of the hypotheses.

4. Final observation and informal interviewing to corroberate findings and provide additional insights into the reasons behind unanticipated results that were encountered.

Of key importance in this research is the use of a general indicator of the behavioral relevance of values and goals to the individual manager. Developed by George W. England of the University of Minnesota, it goes "one-better" than simply

relying on the use of bi-polar adjectives in attempting to determine the "meaning" of goals or values to the individuals. England's technique uses the bi-polar concept as a first step, but then supplements this with a determination of why the individual made the initial valuation. If the individual's initial valuation is consistent with his primary orientation — as established by his overall valuation of the personal value concepts — then this joint selection is considered to be a useful indicator of behavioral relevance.

What distinguishes this research from previous work in the area is its focus on one, rather than a number of organizations. By concentrating on one organization the researcher was able to gain some understanding of the internal and external pressures being exerted upon it. With that knowledge he was able to examine organization goals with a much clearer perspective than would otherwise have been possible.

6. APPENDICES

a. Appendix A - Personal Values and Operative Goals Questionnaire

b. Appendix B - England's Personal Values Questionnaire

c. Appendix C - Letter from Professor England

CHAPTER II

GOALS AND PERSONAL VALUES: A SURVEY

A. Goals

The concept of organization goals, though referred to throughout much of the literature on Organization Theory and Behavior, is an elusive quarry for the student who wishes to come to grips with it. Maddeningly resistant to precise definition, it offers all the frustrations of the morale-motivation-productivity triumvirate, and is every bit as ambiguous as leadership. As ambiguous and elusive as it might be, however, the importance of the concept to organization analysis is second to no other. The concept of organization goals is a unifying link which holds the promise of providing a common datum for the comparison of even the most disparate organizations.

Price [1968] recognized this in his attempt to provide an inventory of propositions focusing on organizations. For his work he selected organizational effectiveness (degree of goal achievement) as the dependent variable in the 50 studies inventoried, and defended its selection on the basis of the centrality of "goals" in all definitions of organizations. He also noted that effectiveness has been highly researched and there exists an immense literature dealing with such concepts as productivity, morale, conformity, adaptiveness, and institutionalization. Although organizational effectiveness

is not always cited as the subject of research, Price contends that is usually implied.

Herein lies some of the difficulty inherent in the serious study of organization goals. In much of the research performed in the area of organization theory, the concept of organization goals is taken as a given, as a point from which research into other areas of particular concern can be initiated. Thus, as Perrow [1968] observes, in studies of motivation of morale — from the early days of Elton Mayo and his colleagues to the more sophisticated work of contemporary social scientists such as Rensis Likert — the question of organizational goals is not treated as problematical. Behaviorists who deride the economist as myopic for his assumption of profit maximization, blithely assume that the only managerial goal with which the researcher need concern himself is increased productivity — from which it "logically" follows that the principal research problem is to find out how subordinates can be made to conform to or share this goal.

Another source of difficulty lies in the fact that in practically any sequence of behavior, any or all parts of that sequence can be looked upon as being goal-directed. What is identified as a goal, as well as what is used as evidence for the existence of the goal, is determined by the time and purpose of the study. What we have to contend with, therefore, is Simon's [1961, pp. 63-66] hierarchy of means and ends. Whether a goal is seen as an end in itself

or as a means to another goal is dependent upon where we enter the hierarchy.

Two further problems which are cited by Perrow [1970, p. 134] in his most recent work are: 1) strictly speaking, organizations do not have goals — only individuals do; and 2) goals are hard to observe and measure. The first point received the particular attention of Cyert and March]11963, Chap. 3] and was persuasively argued by them in terms of their coalition and side payments theory. Ansoff [1965] and Simon [1964], however, took the opposite tack. Warning of the danger of reifying the organization (of treating it as a super-individual entity having an existence and behavior independent of the behavior of its members), Simon [1964, p. 2] observed:

> "...for we often have occasion to observe that the goals that actually underlie the decisions made in an organization do not coincide with the goals of the owners, or of top management, but have been modified by managers and employees at all echelons. Must we conclude, then, that it is the goals of the latter — of subordinate managers and employees — that are governing organizational behavior? Presumably not, because the kinds of behavior taking place are not those we would expect if managers and employees were consulting only their personal goals."

Ansoff, while applauding the quality of Cyert and March's work, maintains that their description of how goals are formed pertains to only some firms — firms which either refuse to or are not required to make strategic decisions.

The point that goals are difficult to observe is made by a number of writers. In Chapter I we discussed Perrow's

[1961] scheme of operative and official goals. On this same theme Etzioni [1961, p. 72] states that:

> "The goal of an organization can be determined in the same way other sociological characteristics of organizations are established. It can be determined by an examination of organizational processes, such as the flow of work in a factory, and attributes of its structure, such as priorities in the allocation of means (reflected in a balance sheet or budget) or the assignment of personnel...The stated goals of an organization can serve as a clue to the actual goals of the organization. But a researcher cannot uncritically accept the stated goals of the organization as its actual sociological goals, since organizations tend to hold "public" goals for "front" purposes. Nor can he elicit this information from the top elites of the organization since they may not be free to communicate these goals to the researcher. Hence the need to draw on an examination and extrapolation of on-going organizational processes, especially "production," in the study of organizational goals."

Referring back to Chapter I, the reader can note that the research reported herein closely follows the advice of Etzioni.

1. Definition

Having forewarned the reader that the concept of organization goals is maddeningly resistant to unambiguous definition, we shall nevertheless review the thoughts on the subject of other writers, and attempt to develop a consensus definition.

Simon [1964, p. 1] made use of the terminology of linear programming and observed that:

> "The goal of an action is seldom unitary, but generally consists of a whole set of constraints the action must satisfy. It appears convenient to use the term 'organizational goal' to refer to constraints, or sets of constraints, imposed by

> the organizational role, that have only an indirect relation with the personal motives of the individual who fills the role. More narrowly, 'organizational goal' may be used to refer particularly to the constraint sets that define roles at the upper levels of the administrative hierarchy."

Cyert and March [1963, p. 43] using similar terminology argued that the goals of an organization are "...a series of more or less independent constraints imposed on the organization through a process of bargaining among potential coalition members and elaborated over time in response to short-run pressures. Goals arise in such a form because the firm is, in fact, a coalition of participants with disparate demands, changing foci of attention, and limited ability to attend all organizational problems simultaneously."

In terms of the sociologist, Etzioni [1961, p. 71] defines organizational goals as a state of affairs which the organization is attempting to realize. Parsons [1937, p. 44] is even more poetic. He defined a goal as "...an image of a future state, which may or may not be brought about."

At this point it is probably evident to the reader that the number of possible definitions for organization goals is limited only by the number of writers interested in one manner or another with the functioning of some kind of an organization. Therefore, it might be well to pause briefly and settle upon a definition for the term "organization" which would prove least offensive to students of the various disciplines involved with organizations. A considered definition would be: An

organization is an open social system possessing specific purposes.

This definition is considered workable because it appears to satisfy all the relevant tests. The fact that an organization is considered to be an open system indicates that it is in constant interaction with its environment. That it is a social system implies that people are involved — interdependent people who also have continual commerce with the environment. On this same vein, it is also implied that the system may contain multiple subsystems — also interdependent, and also in constant interaction with the environment. Extending this thought a little further, it can be argued that once the mutual dependence of subsystems has been established, it follows that changes in one subsystem could be expected to affect the functioning/behavior of other subsystems. And finally, recognizing that the organization's relationship with the environment is dynamic in nature, it also follows that the environment constrains and levies demands upon the organization in many different ways. These thoughts are drawn in large part from Schein [1965, Chap. 7], and specifically his chapter on organizational effectiveness..

Returning to the concept of organizational goals, the reader no doubt observed the use of the term "specific purposes" rather than "goals" in the definition of "organization." This undoubtedly reflects the influence of Barnard [1938, 1968], for in his classic The Functions of the Executive he

consistently eschews goals in favor of purposes. This also reflects the particular significance that the term "organizational goal" has to the researcher. Although some writers espouse differing views (Sills [1957], for example, views goals as means employed by organizations to improve their position in their social environment), the researcher persists in holding the view of them as ends for organizational activities. Realizing there is an air of tautology about the entire process, the following definition is nevertheless offered: Organization goals are the general ends which the organization acts to achieve.

Although it may not be immediately apparent, the definition is compatible with the previous definitions that were given. Going along with Simon, it indicates that organizations possess multiple goals; and there is nothing in it which would deny that goals function as a set of constraints. Also, there is nothing in the definition that would indicate that goals are immutable. One would logically expect that an organization's goals would change or be modified over time — in fact, as stated in the Introduction, it is proposed that some of the difficulties being encountered by organizations today might well have the aspect of immutable goals as a source. Therefore, Cyert and March also should have no strong objections to the definition. The sociologists, Etzioni and Parsons, might bemoan a lack of imagery, but they too should have no argument with the definition.

2. Objectives vs. Goals

Throughout much of the contemporary literature the terms goals and objectives are used synonymously. For some unexplained reason, this practice has become a source of irritation to the researcher. Therefore, at this point he would like to digress briefly and differentiate between the two.

As we have already established, goals are *general* ends which the organization acts to achieve. Objectives, however, are more specific. As Ansoff [1965, p. 40] observes, an objective is a measure of efficiency of the resource conversion process and contains three elements: 1) the particular *attribute* that is chosen as a measure of efficiency; 2) the *yardstick*, or scale by which the attribute is measured; and 3) the *goal* — the particular value on the scale which the firm seeks to attain.

Although the researcher agrees with the essence of what Ansoff offers, there are still semantic difficulties. Therefore, in terminology consistent with this research he would submit that the three elements of an objective are: 1) the *root operative goal(s)* to be affected; 2) a *yardstick* or scale of measurement that is appropriate and understandable; and 3) a *target* that is achievable yet challenging.

To illustrate how this would work, let us dissect the objective of achieving an eight percent return on investment for the current fiscal year. What would be the root operative goal(s)? Depending upon the firm in question, a single goal

could be operative (e.g., maximize profits), or as normally would be the case, several goals could be operative. For example, the very survival of the firm could be at stake, eight percent could be considered mandatory in order to favorably influence a planned merger, or still another possibility might be a sincere desire to give employees an across-the-board wage increase. As can be seen, the possibilities are manyfold and as Simon proposes, the operative goals underlying any single objective would probably be multiple rather than singular. And as Granger [1964], Lubeck [1971], and others suggest, the operative goals are themselves in the form of a hierarchy — which in turn influences a hierarchy of objectives. The basis for a hierarchy of operative goals developed by Simon [1964], was proposed in Chapter I. (See Figure 7 on p. 25 .)

The yardstick in the example is profitability. In this case we could use the return on equity, on working capital plus fixed assets, or any one of a number of variants of the basic return on investment formula. If we wanted to show our sophistication, the yardstick of the objective could have been expressed in terms of the marginal efficiency of capital for capital investment, or some other such measure. The point is, however, that in order for an objective to be effective, it has to be understandable as well as appropriate. Return on investment meets both of these criteria. Its common usage and straightforward calculation make it quite

understandable to middle and lower level management, and its focus on the return on resources makes it an appropriate measure of profitability. In the example, eight percent would be the target. As noted above, the target should be challenging yet achievable.

The preceding, therefore, should clarify for the reader, the differences between a goal and an objective. This distinction will hold throughout the remainder of this study. In citing quotations from other writers, when the term "objective" is used where, according to the above schema, "goal" should be used, the term "goal" will be inserted in brackets [].

3. A Theory of the Firm

Any study of the goals of a business organization could hardly be considered complete without some consideration of the theory of the firm. The logical starting point for any such consideration should be from the point of view of the economist. Remembering that the economist's theory of the firm is primarily a theory of markets, developed to explain resource allocation by a price system, let us examine Cyert and March's [1963, p. 6] summary of a consensus on the economic theory of the firm:

> Conditions sufficient for equilibrium:
>
> 1. "n" equations may be derived and solved for the optimal quantities of the firm's "n" commodities (both inputs and outputs).

2. At equilibrium, the marginal rate of substitution between two products, or between two factors, is equal to the ratio of their prices.

Turning to variations near the equilibrium:

3. The marginal physical productivity of a factor with respect to a product (the rate of change of the amount of the factor used with respect to the product's output) is equal to the ratio of their prices.

4. The quantity of a good produced is selected so that its marginal cost (with respect to this product) is equal to its (given) price.

The sufficient conditions for equilibrium insure a maximization of net revenue. From them the remainder of the theory is derived:

5. A price increase for a product raises its supply; a price increase for a factor reduces its demand.

6. "Cross" price effects are symmetric. That is, the rate of change of a first commodity with respect to the price of a second commodity is equal to the rate of change of the second with respect to the price of the first.

7. A price increase of a good tends to affect the other commodities by decreasing the outputs of products and increasing the inputs of factors.

It should be recognized that in their summary Cyert and March have dealt with perfect competition, and focused on two major areas: 1) conditions for maximizing net revenues; and 2) the analysis of shifts in the equilibrium position. In the interest of keeping their summary manageable, they have neglected theories on imperfect competition — though in truth it could be argued that the latter are but extensions or elaborations of the theory of perfect competition.

Implicit in the economists' approach is the concept of the entrepreneur, of profit maximization. As an assumption designed to describe a general theory of markets and resource allocation by a price system, it is a good one. As Friedman holds, it meets the only crucial test of a theory — it has predictive power. However, when the theory is applied to specific instances, dealing with individual firms, its predictive powers are diminished significantly. During the latter half of the 1940's American economists seemingly first became excited about the disparity between the theory and decisions made in the business world. This discovery, fueled by an emerging managerial theory of the firm, initiated a controversy which has reappeared in the journals with almost predictable regularity.

In discussing the doubts that have been raised over the past three decades concerning the profit maximization hypothesis, Scherer [1970, pp. 27-38] categorizes the arguments of the critics as holding that at its best, profit maximization is unappealing; and at its worst, meaningless to businessmen operating in an environment of dynamic uncertainty, organizational complexity, and conflicting goals.

The diarchy of uncertainty and risk is unquestionably a major contributor to the divergency between the economist's theory of the firm and that of the managerial theory. Arguing from the orthodox point of view, Machlup [1946] claimed that even though businessmen might not be able to articulate the

economists' theories, they nevertheless have an intuitive understanding of what is required to maximize profits. He buttresses his argument with the analogy of profit maximizing with that of driving a car — i.e., a businessman no more has to be able to recite the economist's price-equals-marginal-cost condition, than does a driver have to recite theorems in differential calculus before he can pass another auto on a two lane highway.

Bluntly speaking, Machlup's argument is not convincing. From personal experience the researcher has observed that businessmen have at best a rudimentary understanding of the logic of profit maximization; and variables such as marginal cost or marginal revenue, which are so important to the application of the logic, for most might well be Swahili for "I can get it for you wholesale."

Then, too, there is the aspect of aversion to or acceptance of risk. Consider Machlup's hypothesis — that marginal analysis of the firm should not be understood to imply anything but subjective hunches or "gut-feels," that any decision the businessman takes would by some mysterious means resemble that which some all-seeing maximizer would take under the same circumstances — in the light of the following observations by Scherer [1970, p. 28]:

> "Imagine a decision-maker weighing two alternative policies, one offering a best-guess profit expectation of \$1 million with a 10 percent chance of bankrupting the firm (whose net worth is currently \$4 million), the other an expected

profit of $2 million with a 30 percent chance of disaster. Which is the rational choice? It is really impossible to say without further information on the attitudes of the firm's owners toward increases in wealth vs. total loss of their equity. Rational behavior under uncertainty requires some tradeoff between average pay-offs or, in the statistician's terms, between means and variances. Only the businessman who attaches no significance whatsoever to avoiding risk will always choose alternatives with the highest best-guess payoffs. And such businessmen, empirical studies suggest, are rare specimens."

Writing in 1958, Peter Drucker offered his alternative to profit maximization. To him survival was the well spring from which all rational activity taken by a business enterprise sprung. Observing that a "discipline" of business enterprise is slowly emerging in some of our large comapnies and in some universities, Drucker stated that it is receiving its impetus from such diverse sources as economics, marketing, the administrative process, and the new methodologies such as operations research and synthesis or long-range planning. A common point with all of these approaches, according to Drucker, is that they start out with the same basic question: "What are the survival needs of business enterprise?" What, in other words, does it have to be, to do, to achieve — to exist at all? For each of these "needs" there has, then, to be an "objective." [p. 84]

To illustrate his point, he used an example that is particularly appropriate for this study [Drucker: 1958, p. 84]:

"It may be said that this approach goes back to the pioneering work on business objectives that was done at the Bell Telephone System under the

> presidency of Theodore Vail a full forty years ago. Certainly, that was the first time the management of a large business enterprise refused to accept the old, glib statement, 'The objectives of a business is to make a profit,' and asked instead, 'On what will our survival as a privately owned business depend?' The practical effectiveness of the seemingly so obvious and simple approach is proved by the survival, unique in developed countries, of privately owned telecommunications in the United States and Canada. A main reason for this was certainly the 'survival objective' Vail set for the Bell System: 'Public satisfaction with our service.'"

Drucker's work was significant from the point that it represented a conherent argument disputing profit maximization as the single underlying goal of a business organization. Drucker [pp. 84-87] observes that there are five areas of survival objectives [goals], and that these objectives establish the foundation for decisions and judgment, "...to make what is the specific task of entrepreneur and manager possible, effective, and rational, and to make it understandable and understood." Taken together, he considers the five areas of survival objectives an operational description of the nature of the business enterprise. These areas are: 1) the enterprise needs a human organization designed for joint performance and capable of perpetuating itself; 2) the dependence of the enterprise on society and economy — it exists on sufferance and lasts only as long as society and economy believe that it does a job which is necessary, useful, and productive; 3) the specific purpose of the business enterprise is to supply an economic good and service; 4) recognition

that change is the natural order — indeed, that the business enterprise is the first organization which is designed to produce change; and 5) an absolute requirement of survival is profitability. Concerning the need for profitability, Drucker emphasizes that it is the nature, the purpose, and the necessity of the business enterprise to take and create risks - - and risks are genuine costs. Therefore, he concludes that there exists a minimum profitability, adequate to the risks which the firm, by necessity, assumes and creates, which is an absolute condition of survival not only for the enterprise but also for society.

Drucker elaborates on three aspects of the profitability goal. First, he maintains that the need for profitability is objective. "It is of the nature of business enterprise and as such is independent of the motives of the businessman or of the stru ure of the system." [p. 86] Even if archangels were running businesses, according to Drucker, they would still have to make a profit and watch profitability just as assiduously as the greediest of businessmen. Second, profit should not be viewed as the entrepreneur's share, nor as the "reward" to one factor of production. It is not on a par with the other factors, bu above them. "It is not a claim against the enterprise but the claim of the enterprise -- without which it cannot survive." [p. 87] Finally, Drucker makes the point that "...profit maximization" is the wrong concept, whether it be interpreted to mean short-range

or long-range profits or a balance of the two. The relevant question is, "What minimum does the business need?", not "What maximum can it make?" [p. 87]

Heinz Lubeck [1971] also proposed that survival is the basic underlying goal of the business organization, and moved by evidence of an intensification of the conflict between employer and employee, he observed:

> "In every company the interests of employers and employees overlap. The employees' interests however do not lie in profit maximizing but — as far as they lie in economic spheres at all — in a secure and possibly high income. Since employer and employee are dependent on each other we are dealing here with two single justified and apparently legitimate but competitive objectives — maximizing profit and maximizing worker income. Thus neither of the two can claim to be the highest company objective [goal] ...All persons — employee as well as enterpriser — are selfish and as such always intent on their personal interests. Could a judge of human nature seriously accept in this case that employees could be motivated to increased efficiency in the interests of the company when the foremost objective brought to their attention is to maximize the profit, or to put it more crudely, to fill others pockets?" [pp. 40-41]

Most of us have been taught to seek the simple solution, but to be openly suspicious of it. Drucker's hypothesis of survival as the basis for all rational activity by the enterprise might well be examined in the light of this admonition. Certainly there is an undeniable air of freshness and unambiguity about it, and certainly it does have some predictive power — the only thing is, a close examination of events in

This may or may not be the case, but one must certainly speculate on the possibility that perhaps "real world" conditions are of such a complex nature, that Drucker's paradigm provides us with only a partial solution. In recent times we have read of employees working for distressed firms foregoing pay increases or voluntarily accepting pay cuts — this undoubtedly could be interpreted as evidence that at some point, concern for survival achieves the status of a superordinate goal. For every one of these instances, however, there are perhaps one hundred or more where it is obvious that survival has been given little, if any, consideration.

Perhaps it would be possible to develop a hierarchy of organizational goals, similar in concept to Maslow's hierarchy of human needs, with survival the counterpart of physiological needs. The fact remains, however, that modern organizations are so large, so diverse, that to be anywhere near reasonable, a theory of the firm must recognize these complexities.

The aspect of organizational complexity is certainly as destructive an argument as any to the profit maximization hypothesis. Considering the many levels in the management hierarchy of the modern business firm, it would be nigh impossible for top management to reach a consensus on and enforce decisions which maximize profits — especially, as Scherer [1970, p. 29] notes, when personnel at the operating

levels care little about profit maximization and care much about goals which conflict with profit maximization. Continuing, he states, "And such clashes of goals are commonplace. Even the best-designed employee bonus and profit-sharing systems seldom succeed in instilling much zeal for profit maximization below the middle management level, for operating level employees see little correlation between their individual actions and the size of the profit pie in which they will share..."

Classical theory has always held that it is the responsibility of higher management to seek out conflicts and establish a control system designed to effect maximization. However, the emergence of a professional manager, separate and distinct from the owner-manager of old, has caused this assumption to come under substantial scrutiny. As Scherer [1970], Mason [1970] and a host of other writers point out, the control of business organizations by professional managers, not unlike the functional specialists who report to them, opens the possibility of the organizations pursuing goals which are important <u>to them</u>.

Berle and Means [1932] were the first to call attention to the changes in the control of U.S. corporations. At the time of their study they found 88 of the 200 largest non-financial corporations in the U.S. to be "management controlled." (Their definition of "management controlled" was that no individual, family, corporation, nor group of business

associates owned more than 20 percent of the outstanding voting stock.) Only 22 of the 200 corporations were privately owned or controlled by a group of stockholders with a majority interest. Larner [1966] updated Berle and Means' work and found that in 1963, 169 of the 200 largest nonfinancial corporations had come under management control, with no single ownership group holding 10 percent or more of the outstanding voting stock. Of the 200, he found that only five firms were controlled by a majority ownership group.

As Mason [1970] and others point out, managers are human and being human derive considerable satisfaction from such things as peer approval, personal prestige, and power — all of which seem to be more closely correlated with volume of sales, rather than with profit maximization. Therefore, growth of sales for its own sake is a goal frequently attributed to managers, and as McGuire [1962] points out, often is a major determinant in executive compensation.

The differences in motivations between hired managers with little ownership interests and owner-managers, and their pursuit of profit maximization or of goals which conflict with maximization, however, are anything but clearly established. Contravening the average stockholder's apathy in recent times have been: the rising incidence of corporate takeovers; substantial holdings of stocks by mutual funds, banks and investment firms acting as trustees for pension plans, and large institutions such as churches and colleges

with professional investment managers; and increased activity by government regulatory agencies. These factors have combined to limit the latitude managers have to pursue goals which might be personally motivated.

The fact does remain, however, that evidence exists to support the somewhat reasonable assertion that managers of modern business organizations do have a degree of latitude, albeit impreciesly defined, in their selection of organizational goals. Monsen, Chiu, and Cooley [1968], Kamerschen [1968], and Shelton [1967] are economists who have studied the relative performances of owner and non-owner managed business organizations in recent times and have concluded with varying degrees of certainty that there is a difference — that ceteris paribus, owner-controlled firms seemd to be more profitable. If their conclusions are correct, which they probably are, what import does this have for a theory of the firm — how are goals selected?

Drucker has proposed that what is needed to ensure survival of the firm, dictates what the goals shall be. He asserts that instead of asking how much profit can the enterprise make, management should concentrate on what is the minimum profit needed to survive. The distinction he seems to be making is the one made by March and Simon [1958, pp. 140-141] when they contrast optimizing and "satisficing." According to March and Simon an alternative is satisfactory if: "...(1) there exists a set of criteria that describes

minimally satisfactory alternatives, and (2) the alternative in question meets or exceeds all these criteria." Continuing, they add: "Most human decision-making, whether individual or organizational, is concerned with the discovery and selection of satisfactory alternatives; only in exceptional cases is it concerned with the discovery and selection of optimal alternatives." On this same theme, Kaysen gives the economist's viewpoint [1965, p. 9]:

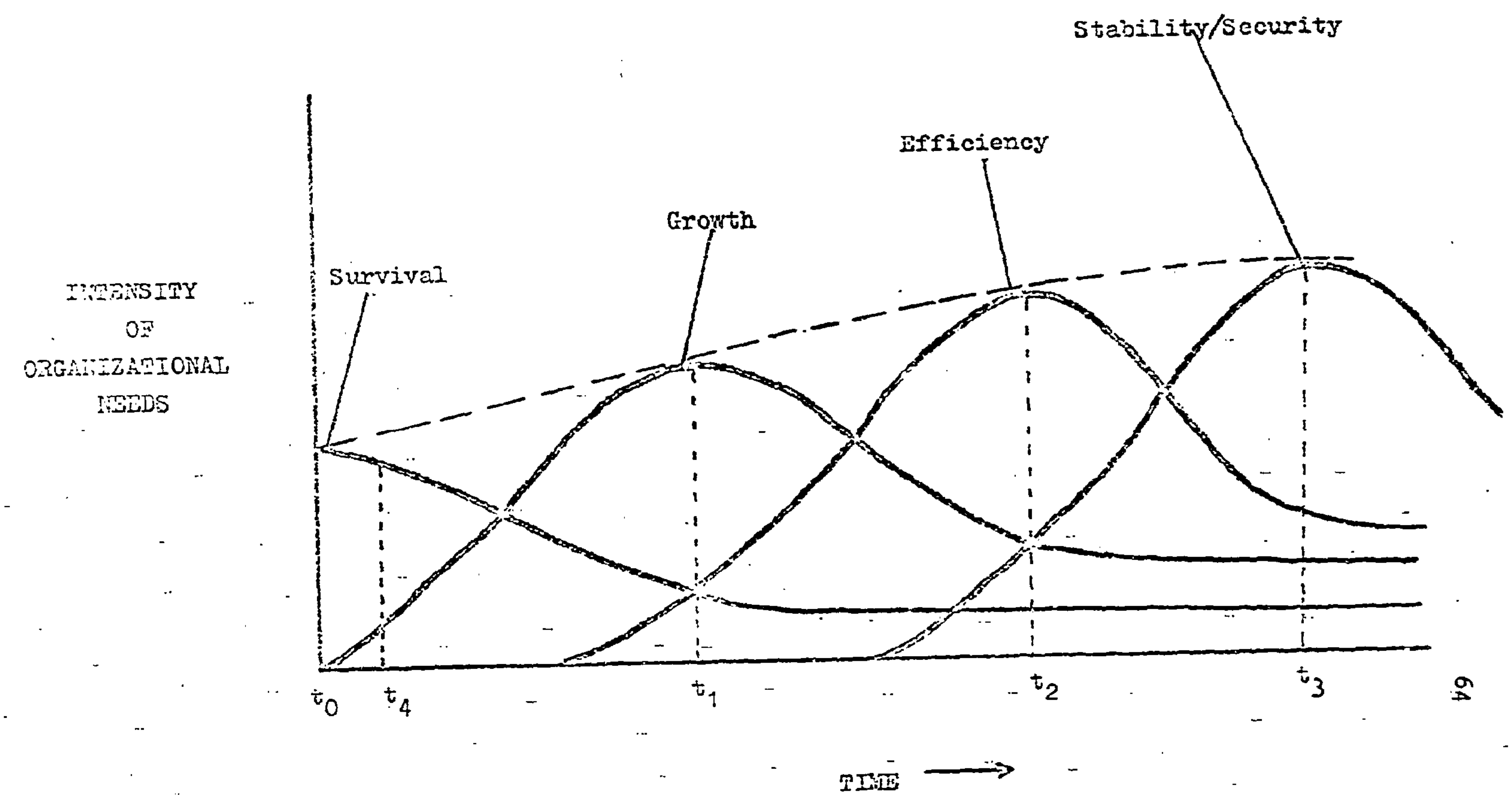
> "While the firm in the highly competitive market is constrained to seek after maximum profits, because the alternative is insufficient profit to insure survival, the firm in the less competitive market can choose whether to seek maximum profit or to be satisfied with some "acceptable" return and to seek other goals."

If we accept the notion that survival is a fundamental superordinate goal, what then are the other goals or "general ends which the organization acts to achieve?" — and how do they intermesh with one another? As indicated previously, the use of a Maslow-type needs hierarchy seems to hold some promise for analysis of these questions.

Figure 9 on the following page offers one possible portrayal of the hierarchal nature of organization goals and the degree of imbrication that exists among them. Note that the time t_0 survival is the primary concern of the organization, with concern for growth a poor second. At this period of time the operative goals of the organization will be concerned primarily with survival. Some operative goals dealing with growth also would exist, but the primary ends

FIGURE 9

HIERARCHY OF ORGANIZATIONAL NEEDS



At t_2 the organization has again changed its focus, this time from growth to efficiency. What is envisioned at this point is a situation similar to that of when Will Durant was replaced as the president of General Motors and Alfred Sloan ascended to the Executive Committee. (See Chandler [1962, pp. 122-162] When Durant returned to General Motors in 1916, he initiated a program of massive expansion and integration. In his headlong rush Durant virtually ignored any consideration of organization or control. He was able to get along with this approach until the boom of post war prosperity came to a screeching halt in early 1920. Conditions deteriorated rapidly until he was finally removed in November 1920, ostensibly because of his disastrous attempt to sustain the price of General Motors stock by buying the stock on credit. Certain similarities can be observed between this situation and a number of others involving many different firms. Economists sometimes talk of economy of scale with respect to the size of a firm and management's ability to control a large, growing organization. This is the situation envisioned at t_2 — the organization, spurred on by its emphasis on growth, finally reaches a point where its top management pulls back and recognizes the need to consolidate previous gains.

Finally, at t_3 we view the mature organization. Its operative goals form a rather complete constraint set, but the organization is no longer lean and hungry. Top executives at this point give all the appearances of being statesmen.

A lethargy pervades the organization, and a "don't rock the boat" philosophy best describes the orientation of the organization. It is at this point, for example, that management rights are bargained away to organized labor, that signs of technological, economic or social change are ignored because to do anything about them would be to upset the "routine." It is at this point that the organization must undergo a form of organizational renewal, or perhaps find itself rudely shoved back into focusing once again upon survival needs.

Clearly, the scheme proposed above is grossly oversimplified and as such should be viewed with suspicion. The reader, however, should accept it in the spirit in which it is offered — not as a blueprint of inevitable organizational development, but as a general schema. Certainly if an organization remains alert and vital, remains purposive and attuned to its environment, eschews the easy or the comfortable in favor of courses of action which best satisfy the basic goals of the organization, organizational arteriosclerosis can be avoided.

What has been introduced at this juncture are the phenomena of goal succession, the sequential nature of goals, and goal conflict. These will be considered in subsequent sections.

4. <u>The Evolving Nature of Goals</u>

It was proposed in the Introduction that the identity crises currently being experienced by such organizations as the Catholic Church, the U.S. Army and the New Left might

well have as one of their root causes ill-defined, poorly communicated, or out-moded organization goals. The scheme of organization needs proposed in the previous section illustrates how the focus of attention of the organization changes over time. However, what it does not explicity depict are the demands of the environment nor how the attitudes or personal value systems of the organization members affect the goals of the organization.

The theoretical model (Figure 8, p. 30) presents one scheme which attempts to portray the interaction of operative goals, personal value systems of managers, and the demands of the environment. For an actual example, the case of Eastern Airlines during the reign of Eddie Rickenbacker and in the years subsequent to his stepping down provides interesting material. Rickenbacker controlled Eastern Airlines from 1935 to 1959, and during that period the company was the most consistent money-maker in the industry. For the 25 years of his tenure, Eastern had an uninterrupted record of profits. Rickenbacker, the individual, apparently had a frugal nature and he brought this esteem for economy into the business. Quoting Fortune, Perrow [1970, p. 147] reports: "Despite his dashing war record and flamboyant exterior, he had the cautious soul of a greengrocer when it came to spending money."

The largest single stockholder in Eastern (he owned three precent), Rickenbacker undoubtedly sought high profits

as a goal of the firm. Equally obvious is the conclusion that his primary subgoal, or means of achieving higher profits, was by emphasizing efficiency — more specifically cost reduction. It is reported by Perrow that on occasions he actually lectured his employees on the importance of not just saving pennies, but mils. While other airlines hired pretty young women as stewardesses and served appetizing in-flight meals, Eastern stuck with male stewards (they could do more work and did not leave to get married) and served coffee and cookies. Other airlines invested in new aircraft which were faster and more comfortable, while Eastern kept flying old reciprocating aircraft. Quick turn-arounds of the aircraft on the ground and tight control of scheduled maintenance ensured maximum utilization of the aircraft, but made for undesirable departure and arrival times for the paying customers — scheduling was for the convenience of the company, not the customers. Although overbooking was common practice for all airlines, Eastern used to surpass all its rivals. On one notable occasion two of nine passengers with confimed reservations who were not permitted to board a flight threw the airline into a tizzy by standing under the plane's propellers for more than an hour, preventing take-off. Soon after the incident, which received thorough coverage in the press, WHEALS — We Hate Eastern Air Lines — was formed.

Up until this period of time Eastern enjoyed a very favorable route structure — possessing a near monopoly on its most profitable runs. This ended when the Civil Aeronautics Board decided to strengthen the smaller airlines and competition by permitting them to service the busier and more profitable routes. Rickenbacker had retired the previous year, and Eastern was already showing signs of slipping, but the CAB decision was the straw that broke their back. Burdened with ancient equipment, inadequate service, inconvenient schedules, and substantial customer ill-will, Eastern lost one-third of its traffic by 1963 and substantial amounts of money. Floyd Hall took over in 1963 and within two years turned a substantial deficit into a profit of 29.7 million dollars. Uninterested in dividends or short term profits (he did not own any significant amount of stock), Hall invested in new aircraft, stressed customer service, and initiated an advertising blitz to change the image of Eastern Airlines in the eyes of the public.

How would one go about analyzing this situation? Was Rickenbacker at fault for continuing to emphasize cost reduction and ignoring capital investment? (Rickenbacker crustily observed in 1964: "It took 25 years to build Eastern and only three and a half years to tear it apart.")

Actually, there would appear to be several elements present in this example. First, it seems that we have an example of Allport's functional autonomy applied to goals.

Whereas cost reduction was undoubtedly intended to function as a means to the end of high profits, somewhere along the line it gained eminent status in its own right. Rickenbacker's values were impressed upon the organization (efficiency over customer satisfaction) and played an important role in organizational decision making. Neglect of the customer over the years had deadened any organization sensitivity to signals from the environment such as the formation of WHEALS. No doubt the notoriety of customers' antagonism and the many complaints filed in their behalf with the CAB played some part in the latter's decision to open up the more profitable routes. Also, had Eastern abandoned its short term perspective and emphasized growth and innovation, as some of its competitors did, it undoubtedly would be a more commanding presence in the industry than it is today.

Another brief but familiar example can be seen in the relative performances of Sears Roebuck and Montgomery Ward in the late Fifties and early Sixties. Sears correctly assessed the move to the suburbs and took appropriate action. Ward's under Sewell Avery, on the other hand, faltered. Although Avery and his staff had the same information as their rivals, they were loathe to make the required capital investment and relax centralized control. No doubt this decision was influenced by personal values as well as a miscalculation about the economy.

Two points have been attempted to be made: 1) goals which may be correct and proper today, may become the firm's albatross tomorrow if changes in the environment are permitted to go unheeded; and 2) although two comparable firms in the same industry may have identical general goals, a significant amount of differentiation is possible through examination of subgoals, the firms' means of achieving the broader goals. Thus, while two firms might pursue goals of high profits and growth in electronic home entertainment systems, a Magnavox might stress high quality and a Zenith follow the route of aggressive marketing. In the terminology used in this study, goals involving quality for Magnavox would be considered operative goals since quality would be found to be emphasized in such areas as marketing and production decisions.

The case of the National Foundation for Infantile Paralysis [Sills, 1957] has been cited in much of the literature as a classic example of goal succession. After development of the Salk vaccine, with Polio effectively eliminated, the organization was faced with the problem of what it should do. Ostensibly, the most logical course of action would be to disband, since its stated goal had been achieved. This, of course, was not done — instead, the organization changed its focus to childhood diseases in general. How one viewed the change is a matter of personal interpretation. The skeptic might observe that since the organization's primary goal always had been to provide the Foundation's leaders with prestigious and

powerful positions which gave them an important voice in national health policies, nothing but their "cover" had changed. On the other hand, persons who viewed the Foundation as a national asset which had performed a major role in defeating a dreaded disease, the shift was logical and in the best interests of the nation. Whatever your personal opinion might be, it cannot be denied that, faced with a scientific development which would have eliminated the need for the Foundation, it adroitly shifted its focus to a scientifically compatible and highly viable (and emotional) goal which virtually ensured perpetuity for the organization and life-long careers for its members.

As seen in the case of Montgomery Ward, to recognize changes in the environment is simply not enough. To remain healthy an organization has to be prepared to act — to take risks, to invest capital, to initiate change. The character of some industries, especially those which are technology-based, is such that this represents no particular problem. With other, more stable industries, however, this aspect of implementing change can pose serious difficulties — not the least of which is conflict among the members. In the next section, we will briefly consider some aspects of goal induced conflict.

5. Goal Conflict

In the vintage movie Executive Suite there is a scene where William Holden, portraying a dedicated chief of R&D

of a furniture company, goes down a production line smashing low-priced, low quality furniture. Holden, intent on returning the focus of the organization to growth through innovation and products of the highest quality, was involved in a power struggle with a Machiavellian comptroller (Frederick March) who was intent on pursuing a course of cost reduction and raising short-run profits. If one overlooks the unstylish dress of Barbara Stanwyck and June Allyson, the rather well done drama has lost none of its relevance in the 20-odd years that have elapsed since it was first released. Shifts in organization goals, or dogged persistence in clinging to outmoded goals can be sources of serious conflict within the organization.

Actual instances which have some resemblance to the movie scenario are numerous. We have already briefly discussed Montgomery Ward and Eastern Airlines. Equally illustrative might be the respective cases of Gar Wood and the Great Atlantic and Pacific Tea Company [Perrow, 1970, pp. 160-167]. Gar Wood industries had for years concentrated on producing high quality custom boats, but sensing the growth of a mass market for lower priced, lower quality boats, decided to go into competition with Chris Craft. The reaction of production workers was so adamant, however, that the firm had to abandon its low quality production lines at the home plant, hire new production personnel and build a completely new plant at a location miles away. The goal of quality had

become so much a part of the production organization that a shift in goals necessitated a new organization and new personnel.

A & P's story did not have as happy an ending as Executive Suite, but the lesson to be learned from it is no less illuminating. (See "Look Who's Become a Take-Over Target: A & P," Fortune, Sept. 1968.) In the early Sixties the top executives of A & P were aware of an apparent shift in consumer tastes, in that the consumers seemed to desire high margin, non-food items available in the supermarkets in which they shopped. The position of A & P. management, however, was that they were in the food business and anything that distracted attention from the food business was bad for the company — high margins or not. It might be added at this point that A & P management was (and to a large degree still is) composed of tried and true "A & P men," schooled in the "A & P way" of doing things. Longevity was among the most valued credentials for promotion. With a 73 year old chief executive officer and a 67 year old president, the emphasis was on anything but growth and innovation. Stability could be characterized as the organization's most compelling need.

Prodded by the significant gains of competitors, sagging profits, and a restive board, A & P initiated a "youth" movement by creating three new executive vice president positions (ages: 51, 59, and 62). Perrow [1970, p. 160] notes that at the time one of the new vice presidents assumed his position,

he expressed the opinion that A & P had been slow to take on non-food products. Five years later that same executive told an interviewer: "Basically we're in the food business; we don't want or need to promote." Contrast this with the statement of a competitor: "We're in whatever it takes to bring them in and sell them."

The point of these illustrations is to emphasize that an organization just doesn't (or shouldn't) change or retain organization goals without thorough deliberation on the possible consequences of change or failure to change. The character of the organization and the values of its members should also be taken into consideration. If, as with Gar. Wood, prevailing goals and values have been thoroughly internalized, a shift in emphasis on values and goals could set off a chain reaction which would spell nothing but trouble. On the other side of the coin, the organization (such as A & P) that persists in valuing goals whose time has come and passed, also has troubles.

Certainly, some amount of goal-induced conflict seems inevitable in any organization. Anyone who has ever participated in negotiations or has worked on a committee divided into factions with strongly divergent views knows that any so-called consensus agreement carries with it the seeds of conflict. Goal conflict need not always lead to internecine squabbling — like garlic, however, a little goes a long way.

Even after devoting substantial time to the subject, it is not altogether clear to the researcher how a group of individuals, all with at least slightly divergent preference functions, can effectively merge their preferences into a consistent set of organization goals. Indeed, in the light of Kenneth Arrow's Impossibility Theorem [1951], one might conclude with justification that such a feat would be impossible. Clearly, part of the solution must be accounted for in the general nature of official goals. Other possible answers might lie in the fact that with decentralized organizational structures, large organizations can (and do) pursue conflicting goals simultaneously; that some organizations seem to have a "goal-of-the-week" — that is its goals, or more correctly the emphasis on its goals, shift with every new wind; and finally, organization members might pay lip service to stated goals, but only act to influence those which have relevance to them. On this final note, we might recall Barnard's [1963, p. 165] description of an authoritative communication:

> "A person can and will accept a communication as authoritative only when four conditions simultaneously obtain: (a) he can and does understand the communication; (b) <u>at the time of his decision</u> he believes that it is not inconsistent with the purpose [goals] of the organization; (c) <u>at the time of his decision</u>, he believes it to be compatible with his personal interest as a whole; and (d) he is able mentally and physically to comply with it."

What Barnard seems to be saying is that each individual within the organization has his own idea of what the goals of the organization are and his actions are governed accordingly. The goals, as he perceives them, may or may not be complemented by his personal values and desires, but if he is convinced that these are the purposes of the organization — a belief which might be supported by the management control or management appraisal systems — then these are the goals which will have relevance to him. Conflict arises when he believes that he must take a course of action to influence a goal which runs contrary to what he believes, as an individual, is important.

As March and Simon [1958, p. 112] note, conflict is a term which means many things to many people. For the purposes of this research, however, the generally accepted concept of it in the context of decision-making is preferred. Therefore, conflict is considered to be a breakdown in the standard mechanisms of decision-making which causes the individual or group to have difficulty in selecting alternative courses of action. In short, conflict arises when an individual has a decision problem.

Returning once again to Barnard [1938, p. 264], it would be instructive to consider his thoughts on moral codes. In discussing this subject, he wrote:

> "When there are occasions under which conflicts of codes may arise it may be that one of the codes involved is a superior or dominant code. In this case there is usually no serious personal difficulty, and the actor is usually not aware of conflict. The dominant code is the one which governs as a matter of course; and the action may involve inconsistency only from the point of view of an observer. In such cases the personal problem at most is one of sincerity or of the possibility of apparent violation of consistency.
>
> When, however, codes have substantially equal validity or power in the subject affected, conflict of codes is a serious personal issue. The results of such a conflict may be of three kinds: (1) either there is a paralysis of action, accompanied emotional tension [anomie], and ending in a sense of frustration, blockade, uncertainty, or in loss of decisiveness and lack of confidence,; or (2) there is conformance to one code and violation of the other, resulting in a sense of guilt, discomfort, dissatisfaction, or a loss of self-respect, or (3) there is found some substitute action which satisfies immediate desire or impulse or interest. or the dictates of one code, and yet conforms to all other codes. <u>When the second situation of non-conformance to one code is the resolution and it is repeated often, it will have the effect of destroying that code, unless it is very powerful and is kept alive by continuing external influences."</u> [emphasis the researcher's]

The researcher experienced a certain excitement upon reading the above passage, for in those two paragraphs Barnard succinctly stated a personal theory which the researcher has formulated over the years, and which clearly had been integrated into the Theoretical Model. While this might not be immediately apparent to the reader, a brief explanation should make it so.

In this research we are dealing primarily with operative goals and the interdependence which exists between those goals and the individual manager's personal values system. It is

proposed that certain goals are operative (i.e., have behavioral relevance) because they are consistent with the primary orientation of the manager's value system. Conflict is held to exist when the manager, faced with a decision problem, opts for an alternative which, to him, is less important than another alternative — an alternative which would be personally preferred. To go a little further, let us take an example from the organization which is the subject of this research, the New York Telephone Company. Let us hypothesize that there is a plant manager who has totally internalized the goal of customer service. To him serice is the paramount purpose of the Company. Let us further suppose that this manager's supervisor, the district plant superintendent, because his district's productivity indices figure prominently in his annual appraisal report (thereby directly affecting his yearly raise and promotion opportunities), has been putting pressure on his plant managers to improve in this highly visible area of measurement.

In response to this pressure the manager, unless he was an unusually secure individual, would undoubtedly have to subordinate service to productivity goals — at least in areas which are reflected in the productivity indices. Such a situation would hardly be catastrophic over the short run, but if it persisted for any appreciable period of time, powerful tensions could be created within the plant manager which sooner or later would exact a toll.

The researcher has personally observed cases where similar situations, existent over long periods of time, have led to behavioral aberrations, and in some cases to conflict similar to Barnard's first type — which has been described by the sociologist Burkheim as "anomie." In this eventuality individuals are virtually paralyzed to take action. If there isn't a well established precedent covered by the "book," they do nothing. Such behavior is normally accompanied by a pronounced sense of ill-being, of emotional tension, a lack of self-respect, an absence of self-confidence, and a totally negative view of self-worth. Alcoholism is frequently the result of such pressures.

Such an outcome, however, is far from inevitable. Psychologically mature individuals who find themselves subjected to such pressures have a number of options open to them, the most obvious of which are requesting a transfer or seeking new employment. In most cases individuals adjust by striking some sort of balance, by satisficing — i.e., "By doing just enough to keep the old man off my back." This is especially true of large, decentralized organizations where the manager is physically separated from direct observation by his supervisor.

Summarizing, the brief consideration given conflict in this section approached the subject from the point of view that conflict resulted when there was a breakdown in the standard mechanisms of decision-making. The breakdown might

be attributable to differences in values, in perspective (such as those which might be expected to exist between levels in the organization hierarchy), and in particular, to differences in the perceived importance of organizational goals. As Smith [1966] noted, conflict need not be dysfunctional, but often is devastating in its affect on organizational effectiveness. Conflict is not restricted to any specific organizational forms, but is most prone to occur in hierarchal business organizations. Certain actions are open to an organization interested in minimizing the impact of conflict, the most effective of which center about improved communications, creating an open, trusting environment, supportive leadership, and a flexible organizational structure which would permit "...a system of high mutual influence cross-cutting specialties and organizational echelons." [p. 393]

6. Previous Studies

Throughout the literature, three specific studies stand out as being particularly relevant to this research. Two of the studies, Dent [1959] and England [1967], deal specifically with organizational goals, while the third, Smith [1966], examines some conditions and consequences of intra-organizational conflict. We will first review Dent's work, and then England and Smith in that order.

a. James K. Dent, "Organizational Correlates of the Goals of Business Management. Dent's stated purposes of his study were: 1) to determine how various goals are related to the size of the business, the nature of ownership, unionization, and the composition of the labor force; and 2) to evaluate various goals by describing the orientations of "successful" growing businesses.

The data in this study were obtained from interviews with 145 chief executives or executive vice presidents (general manager, assistant general manager, or superintendent for autonomous parts of multiple-unit companies) of 145 different business establishments located in five different cities: Bridgeport (Conn.), Philadelphia, Cleveland, Houston, and San Francisco. The establishments represented "all" types of industry, and employed over 50 employees.

In conducting the interviews researchers first asked a general question concerning the activities of the organization, and then followed-up with the specific question: "What are the aims of top management in your company?" It was from this question that the data was obtained. The interviewer did not probe, but merely recorded whatever the manager mentioned. Some respondents gave a single goal, others gave multiple goals. The results, expressed in terms of the percentage of managers citing aims among the first three, were:

Aims of Managers in Dent's Survey	% Managers Listing Aims in the First Three Given
To make money, profits, or a living.............................	52
To pay dividends to stockholders......	9
To grow...............................	17
To be efficient, economical...........	12
To meet or stay ahead of competitors..	13
To operate or develop the organization..............................	14
To provide a good product; public service.............................	39
To contribute to the community, community relations....................	3
To provide for the welfare of employees: a good living, security, happiness, good working conditions..	39
Miscellaneous other aims..............	18

(Note: In translating the above aims to the dual goal classification used for this researcher's questionnaire (Appendix A, Part II), seven of the nine goals would be placed in the General Efficiency Goals category, while only two would be put into the Goals Associated with People and Society section.)

From these stated aims of management it can be seen that the managers interviewed by Dent's task force mentioned profits, a good product/public service, employee welfare, and growth more frequently than the other aims. As with any research employing the non-directive interview approach, one must exercise caution in drawing conclusions (as Dent properly advises).

Otherwise there might be a temptation to conclude, for example, that since 52 percent of the managers mentioned profit among the first three aims given, 48 percent must not consider profits to be very important. Clearly, such a conclusion would be ill-conceived.

Recognizing that people tend to express motives which are socially acceptable, Dent offered three reasons why he believed the responses to be valid: 1) the respondents were not talking "for the record," and were assured that neither individual nor company names would be cited in reports made on the study — to support this he presents evidence of "surprising frankness;" 2) the study was not primarily concerned with the description of managerial goals but with the relation of goals to various characteristics of the enterprise (the findings would only be invalid if there was differential distortion on the part of managers of varying types of businesses); and 3) observing that the ultimate test of the validity of goals is in the behavior of management, he offers correlation coefficients showing that stated (or unstated) goals such as employee welfare could be related to such policies as employee health services. [pp. 234-235]

Conclusions and observations made by Dent which are of interest to this research were:

* Profits seem to be the most salient single goal of business, but the data suggest that this motive is declining.

* Any decline in the importance of the profit motive

appears to be attributable to the professionalization of <u>employees</u>, not of managers.

* Professional managers are <u>not</u> less interested in profits than are owner managers.

* As the professionalization of employees increases, managers exhibit an increased interest in growth.

* Managers of large businesses speak more often of public service than do managers of small businesses.

* Managers of large unionized businesses display more interest in the welfare of their employees than do the managers of small unionized businesses. This relationship is reversed for non-union firms.

* Managers of "successful" businesses speak more frequently of good products than do managers of declining businesses. (Dent's criterion of success was growth, which was measured in terms of the average annual percent increase in employment for the period 1947-1955.)

* Managers of successful businesses also were more interested in meeting and staying ahead of their competitors — they were more "outward" oriented, less interested in internal efficiency than growth.

* Understanding and evaluation of organizations and institutions require a consideration of their broad functions and characteristics. It is the characteristics of the total organization and of all its members that determine its goals.

* To understand management ideology, one must know the nature of the entire organization, and the needs and aspirations of all its members.

* Managerial goals are not related to the amount of formal education of the respondent, nor of the age of the company, nor whether the establishment which the respondent managed was part of a multiple-unit company, or was a complete company in itself.

* There was no evidence in the study to suggest that managers who are interested in serving their customers are likewise interested in serving their employees, or the public in a broad sense. The complex way in which the managers' orientations toward employee welfare relate to the size and unionization of the business suggests that internal and external forces are in interaction.

* Concern for good products/public service rises significantly from firms with 50-99 employees, but quickly reaches a plateau. One can speculate if the smaller firms might not be "locked-in" on survival goals, while the larger firms, more secure and certainly more visible to the public eye, are more concerned with goodwill and growth. Dent speculates on the possibility of a plot of concern for good products/public service vs company size being an inverted "U" rather than remaining at a constant plateau. In the light of Figure 9 (p. 64), we might share his conjecture and wonder if it is not possible for firms whose motivating needs are primarily

stability and effectiveness to de-emphasize the importance of a good product and public service — which, when combined with other factors, can ultimately threaten the survival of a once secure firm.

Summarizing, Dent performed the first reasonably definitive research on the subject of the goals of business management. Work prior to his study could be classified as anything but "hard" research. The inclusion of Dent's work in the bibliographies of virtually all writers to tackle the subject of organization goals subsequently, gives mute testimony to the paucity of data available. England's work on organizational goals of American managers was more of an addendum to his comprehensive work on personal value systems of managers, but even at that, substantially enriches the supply of available data.

b. George W. England, "Organization Goals and Expected Behavior of American Managers." The empirical data for this paper were obtained from a larger study [1967a] and the analytical techniques are the same as those proposed in Chapters I and IV of this research.

England distributed 3600 questionnaires (Appendix B), from which 1072 were returned with usable data. Overall, he found American managers to possess what has been previously described as a "pragmatic" primary orientation. Using this finding, he then proposed a scheme of valuation of the

organization goals listed in his questionnaire, whereby the criteria of "% High Importance and Successful First Ranked" would determine the relative importance of the goals. (Note: in this research the primary orientation of the individual, rather than that of the overall organization, will be used with a ranking of "High Importance" to establish relative importance of organization goals.)

England's findings are summarized on the next page in Figure 10. As indicated, the goals appear to fall into four separate categories: 1) Organizational Efficiency High Productivity, and Profit Maximization; 2) Organizational Growth, Industrial Leadership, and Organizational Stability; 3) Employee Welfare; and 4) Social Welfare.

The first grouping of Organizational Efficiency, High Productivity, and Profit Maximization appears to fit Simon's [1964] description of maximization criteria — i.e., these are the goals which managers attempt to influence by their actions, behavior, or decisions. As England [1967b, p. 109] points out, "It would also seem that this subset of goals could be described as alternative generators (e.g., goals which are used to directly synthesize proposed solutions in situations where possible courses of action must be discovered, designed, or synthesized)."

The second subset, Organizational Growth, Industrial Leadership, and Organizational Stability, are clearly of secondary importance to the first subset and this ranking,

FIGURE 10

SUMMARY OF ENGLAND'S RESULTS*

Total Group (N = 1,072) Goals of Business Orgns.	% High Importance	% Successful 1st Ranked	% High Importance & Successful 1st Ranked
Organizational Efficiency	81	71	60
High Productivity	80	70	60
Profit Maximization	72	70	56
Organizational Growth	60	72	48
Industrial Leadership	58	64	43
Organizational Stability	58	54	38
Employee Welfare	65	20	17
Social Welfare	16	8	4

*England[1967b, p. 108]

as well as the content of the goals, seem to indicate that they should be viewed as associative constraints. In England's [1967b, p. 109] words, "They generally are not sought in and of themselves (actions are not usually taken to directly influence them); rather they are utilized in alternative testing." In terms of the Theoretical Model of this research, this subset of goals is used for primary testing.

The third subset of organization goals contains only one goal, Employee Welfare. It seems particularly significant that this goal, which received the fourth highest ranking (65%) of the single criterion "High Importance," was valued by only 17% when the dual criteria were considered. England's conclusion, which seems quite plausible, is that Employee Welfare is a professed ("eyewash") goal which, since it does not fit the pragmatic primary orientation of the managers, will not appreciably influence managerial behavior — i.e., will have low behavioral relevance.

The fourth and final subset of goals also contains but a single goal, Social Welfare. Since only 16% of the managers considered this of "High Importance," its status as even an "eyewash" goal is questionable. The four percent joint valuation clearly indicates that insofar as this broad sample is concerned, Social Welfare has very little relevance for American managers.

If one compares these results with those of Dent (as England [1967b, p. 111] does), a general consistency would

be evident. Figure 11 on the next page portray's Dent's results in a format similar to England's.

On the subject of organizational goal variability, England found a number of statistically significant differences relating to a specific goal and a specific organizational or personal variable. Summarizing the differences, Figure 12 shows that there were 14 (out of a possible 88) instances which were statistically significant:

* Size of the Firm. Managers of small firms (under 500 employees) had the lowest behavioral relevance scores for the first subset of organization goals, managers of large firms (10,000 or more employees) came next, and managers of medium sized firms (500-9,999) had the highest scores:

	Small Firms	Medium Firms	Large Firms
Organizational Efficiency	54%	64%	61%
High Productivity	54%	64%	58%
Profit Maximization	58%	61%	56%

Among the goals in the second subset, the Associative Status Goals, there are two significant relationships. Managers of medium size firms value Organizational Growth more highly than do their counterparts in small and large firms, and managers of large firms have lower scores on Organizational Stability:

	Small Firms	Medium Firms	Large Firms
Organizational Stability	40%	41%	29%
Organizational Growth	42%	53%	43%

FIGURE 11

SUMMARY OF DENT'S RESULTS*

Aims of Management	% of managers giving various aims among first 3 aims
To make money, profits, or a living..	52
To be efficient, economical........	12
To pay dividends on stock..........	9
To provide a good product/service....	39
To grow...........................	17
To operate/develop the orgn........	14
To meet/stay ahead of competitors..	13
To provide for the welfare of employees: a good living, security, happiness, good working conditions.	39
To contribute to the community, community relations................	3
Miscellaneous other aims............	18

*England[1967b, p. 111]

FIGURE 12

ORGANIZATIONAL AND PERSONAL VARIABLE DIFFERENCES W/R TO GOALS*

	High Productivity	Profit Maximization	Organizational Efficiency	Industrial Leadership	Organizational Stability	Organizational Growth	Employee Welfare	Social Welfare
Company Size		X			X	X		
Type of Company				X				
Line-Staff Position								
Department								
Organizational Level								X
Income								
Years as Manager				X				
Job Satisfaction				X				
College Major	X		X			X		
Amount of Education					X			
Age				X		X		X

*England[1967b, p. 112]

**X denotes instances where there is a Chi^2 which is significant at the .05 level or above between classification on an organizational or personal variable and a goal's behavioral relevance score.

* Type of Company. Wholesale and Retail Trade managers had higher behavioral relevance scores on the goal of Industry Leadership — 48% as compared with 43% for all managers.

* Organizational Level. Presidents of companies indicated higher behavioral relevance for Social Welfare than managers at other levels in the organization — 16% as compared to 4% for the total group.

Approaching statistical significance was the difference in the valuation of the goal Employee Welfare by presidents. This goal, also, had higher behavioral relevance for presidents — 29% vs 17% for the total group.

* Managerial Experience. Managers with over 30 years managerial experience valued the goal of Industry Leadership more highly than their less experienced counterparts — 53% as compared with 43% for the total group.

* Job Satisfaction. A significant linear relationship existed between job satisfaction and Industry Leadership: high job satisfaction - 50%; middle job satisfaction - 44%; and low job satisfaction - 36%.

* College Major. Managers who majored in humanities, fine arts, or social sciences had significantly higher behavioral relevance scores on the goals of Organizational Efficiency, High Productivity, and Organizational Growth as

compared with the total group:

	Social Sciences	Total Group
High Productivity	71%	60%
Organizational Efficiency	73%	60%
Organizational Growth	56%	48%

* Amount of Education. Managers without college degrees valued Organizational Stability more highly than managers possessing degrees — 46% vs 37%.

* Age. Middle-aged managers (45-54 years of age) had low behavioral relevance scores on the goals of Industry Leadership and Organizational Growth — 36% and 44% respectively as compared to 43% and 48% for the total group.

Older managers (60 and over) had relatively high scores on the goal Industry Leadership (53%), while managers under 35 had high scores on Organizational Growth (56%). Also, older managers had a higher score on Social Welfare, while younger managers had a lower score (7% vs 1%).

* Line-Staff Position, Department, and Income. There were no significant relationships between behavioral relevance scores on any of the eight organizational goals and Life-Staff Position, Departmental Affiliation, or Income Levels of Managers.

England concludes that the results of his study support Simon's [1964] notion that it is generally more meaningful

to talk about a set of organizational goals as opposed to a single organizational goal.

In reviewing the relationships between specific goals and organizational or personal variables, he notes that there are only three significant relationships between the first subset of goals — two with a personal variable (College Major) and one with an organizational variable (Company Size). With the second subset, on the other hand, there were nine significant relationships — three with organizational variables (Company Size and Type of Company) and six with personal variables (Years as Manager, Job Satisfaction, College Major, Amount of Education, and Age). There were no significant relationships with Employee Welfare, and two with Social Welfare — Organizational Level and Age.

The implication England drew from these results was that differences in decision-making or in behavior among groups may be more a function of the associative status goals than the general efficiency (first subset) goals. The general efficiency goals would be "more important behaviorally" within an organization, but less responsible for differences between organizations.

Finally, the finding that personal variables accounted for more of the significant goal differences than the organizational variables (nine vs five) was viewed as suggesting that the actual goals of business may be related more closely to the personal characteristics of its managers than to broad

characteristics of the business. As England observed: "This finding is in direct contradiction to Dent's conclusion and questions the extent to which organizational goals can be understood without reference to personal goals, personal values, or motives of individuals." [1967b, p. 116]

c. Clagett G. Smith, "A Comparative Analysis of Some Conditions and Consequences of Intra-Organizational Conflict." This study tested three hypotheses concerning possible sources of intergroup conflict in organizations. These hypotheses attributed conflict to: 1) problems of communication between the parties involved; 2) differences in basic interests and goals; and 3) a lack of shared perceptions and attitudes among members at different echelons.

Utilizing data from the research archives of the Survey Research Center of the University of Michigan, a comparative analysis was made in approximately 250 separate organizational units from six organizations:

(1) Four locals of an international trade union.

(2) A sample of 112 local leagues of the League of Women Voters.

(3) Thirty geographically separate stations within a nationally organized delivery company.

(4) Thirty-three geographically separate dealerships of an automotive sales organization.

(5) Forty geographically separate agencies of a nationally organized insurance company.

(6) Thirty-six branch offices of a national brokerage firm.

"Conflict" was defined by Smith as, "...a situation in which the conditions, practices, or goals for the different participants are inherently incompatible." [1966, p. 382] A five-point scale describing the amount of conflict and tension between all possible combinations of hierarchal groups within the organizational unit was designed for assignment to the responses of members of each organization to similar questions. The amount of conflict between two hierarchal levels in an organizational unit was computed by taking an average of the scores on the five-point scale of the answers of the respondents at the two levels in question.

Included in the design of the study were measures of social structure, interpersonal processes, and organizational effectiveness. Social structure was divided into five variables: organizational size, complexity or specialization, differentiation, and two measures of organizational control. Interpersonal processes were broken down into measures of member attitudes toward the organization, degree of participation in the organization, consensus of organization members, and interlevel communication. Consensus was defined as agreement in attitude among organizational members toward the job, the policies and goals of the organization, its manner of operation (including its system of control), and/or other "organizationally relevant" attitudes. The measures of organizational effectiveness varied with each form of organization. With the 36 brokerage offices, for example,

effectiveness was measured by: "Average standardized performance of office salesmen measured in dollar productivity with the effects of differential individual experience eliminated." [p. 385]

Smith tested the three hypotheses (Communications, Conflict of Interests, and Consensus) utilizing correlational analysis. His technique basically involved hypothesizing relationships among an independent variable, one or more intervening variables, and a dependent variable — the latter in turn serving as an independent variable in another set of processes.

Figure 13 depicts Smith's basic results, comparing hypotheses with expected determinants of intra-organizational conflict. Of particular interest to this research were his findings with respect to the Conflict of Interest hypothesis (differences in basic interests and goals). Figure 14 presents a summary of the relationships obtained.

As can be seen by the correlations between the measures of identification and intra-organizational conflict in Figure 13, a partial confirmation of the hypothesis that differences in basic interests and goals cause conflict is indicated. From the results shown in Figure 13 it would appear that the hypothesis holds greater relevance for business organizations than for the union or voluntary organization. Note that for the brokerage firm ($r_3 = -0.29$) and the delivery company ($r_3 = -0.76$) correlations significant at the 0.05 level of confidence or greater are indicated.

FIGURE 13

DETERMINANTS OF INTRA-ORGANIZATIONAL CONFLICT: COMPARISON OF HYPOTHESES**

VARIABLES CORRELATED	HYPOTHESIS	UNION LOCALS	VOLUNTARY ASSN	DELIVERY COMPANY	AUTO SALES	INSURANCE COMPANY	BROKERAGE FIRM
r_1 Identification; member consensus	+	1.00#	0.53#	0.42#	0.53#	0.29#	0.43#
r_2 Identification; interlevel communication	+	NA	0.38#	0.63#	0.38#	0.29#	0.36#
r_3 Identification; organizational conflict	-	0.80*	0.07	-0.76#	-0.22	-0.20	-0.29#
r_4 Member consensus; interlevel communication	+	NA	0.31#	0.63#	0.38#	0.20	0.16
r_5 Member consensus; organizational conflict	-	0.80*	-0.03	-0.57#	-0.20	-0.49#	-0.18
r_6 Interlevel communication; organizational conflict	-	NA	-0.09	-0.72#	0.09	-0.44#	-0.10

*Significant at the 0.10 level of confidence. #Significant at the 0.05 level of confidence.

NA = missing data. ** Smith[1966, p. 386].

FIGURE 14

DETERMINANTS OF INTRA-ORGANIZATIONAL CONFLICT: CONFLICT OF INTEREST HYPOTHESIS**

	VARIABLES CORRELATED	HYPOTH-ESIS	UNION LOCALS	VOLUNTARY ASSN	DELIVERY COMPANY	AUTO SALES	INSURANCE COMPANY	BROKERAGE FIRM
r_1	Differentiation; identification	−	0.15	0.03	−0.42#	0.14	0.38#	−0.05
r_2	Differentiation; hierarchical control	+	0.95#	−0.23#	−0.11	−0.15	0.45#	−0.12
r_3	Differentiation; member-oriented goals	−	0.35	0.08	−0.33*	0.05	−0.05	0.37#
r_4	Hierarchical control; member-oriented goals	−	0.25	−0.28#	−0.35#	−0.31#	0.06	−0.37#
r_5	Hierarchical control; identification	−	−0.40	−0.25#	−0.05	0.25	0.06	0.02
r_6	Member-oriented goals; identification	+	0.65	0.36#	0.63#	0.37#	0.34#	0.10

*Significant at the 0.10 level of confidence. #Significant at the 0.05 level of confidence.
NA = missing data.

**Smith[1966, p. 388].

For the voluntary association and the union, on the other hand, the predicted relationships did not appear - in fact, in the case of the union one would conclude the greater the similarity of interests and perceived goals, the higher the level of conflict between members and officers.

From Figure 14, one can conclude that although differentiated structure does not necessarily lead to hierarchal or central control, centralized control is generally accompanied by organization goals which do not reflect the interests of the average member. This is reflected in all six of the organizations by the lower identification with the organization — however, once again, conflict is indicated only in the business organizations.

Summarizing, Smith's study shows partial validation of the hypotheses that communications problems, differences in interests and goals, and differences in perceptions and attitudes of members at different levels in the organization, cause intra-organizational conflict. None of the hypotheses, however, completely reflect the complexities of the situation. Smith concluded that the factors which cause serious interlevel conflict within the organization are largely dependent on the type of organization concerned, leadership styles within the organization, interdependence in decision-making, the climate of the organization, and the power/authority structure. Lastly, he concluded that conflict is not in every case destructive. In certain types of organizations,

the union and voluntary association for example, the effects can be just the opposite.

Insofar as this research is concerned, it is believed that Smith has provided empirical substantiation to the many intuitive statements and informal observations dealing with goal and value induced conflict within organizations.

7. Summary

In the preceding sections we have reviewed the literature dealing with the subject of organizational goals. Existing theories were supplemented in part by observations of the researcher, and actual experiences of American business firms used as illustrations.

In an attempt to arrive at a consensus definition, organization goals were described as the general ends which the organization acts to achieve. An organization was defined as an open social system possessing specific purposes. In line with the writings of Simon and others, organizations were held to possess multiple goals which were subject to modification or change over periods of time.

A distinction was made between goals and objectives, with the latter held to be specific measures of efficiency of the resource conversion process. It was proposed that objectives contain three elements: 1) the root operative goal(s) to be affected; 2) a yardstick or scale of measurement; and 3) a target.

A theory of the firm, modeled after Maslow's hierarchy of human needs, was proposed, with survival the organization's counterpart to physiological needs. Completing the hierarchy were growth, efficiency, and stability.

Conflict was determined to be a breakdown in the standard mechanisms of decision-making which causes the individual or group to have difficulty in selecting alternative courses of action. Recognizing the interdependence of personal value systems and operative goals, it was submitted that conflict is most severe when an individual, because of external pressures, must continually opt for the least valued (personally) of competing alternatives.

Three studies (Dent, England, and Smith) were reviewed in detail, and the following points established: 1) in keeping with Simon, it would appear that managerial decisions are normally directed toward courses of action which satisfy a number of constraints and it is this set of constraints which might properly be considered the goal of an action; 2) profits seem to be the most important single goal of a business organization, but do not universally override other recognized organization goals — satisficing rather than optimizing seems to be the rule; 3) in the general pattern of recognizable organization goals found to exist, hierarchies of importance have been determined, and it is the difference in emphasis which differentiates one organization from another; 4) operative goals appear to be closely related to personal

characteristics of the managers — any consideration of organization goals should recognize this; and 5) intra-organizational conflict is caused, at least in part, by differences in interests, perceptions, and goals of members at various levels, and in various parts of the organization.

B. PERSONAL VALUES

In a recent issue of the Harvard Business Review David Ewing [1971] reported on the results of a survey conducted by the magazine. Responses were received from 3,453 of the 9,800 subscribers who were sent questionnaires, as well as from 185 business school students who also were given the questionnaire. The results of the study, which had as its stated aim "....to give the businessman a reading of how executives in other companies, industries, and regions feel about different forms of participation," revealed that:

* From one-sixth to one-half of the respondents are now willing to encourage activist elements in a company, depending on the issue, and the percentage seems likely to rise as today's young managers advance to positions of power — even after allowing for a moderation of viewpoint due to an increase in age and responsibility.

* About one-third are willing to let employees vote on certain policy issues confronting top management. More than one-half favor the ballot if it is limited to managerial employees.

* When a new chief executive is being selected, most businessmen feel that the board of directors should normally take the feelings of key employee groups into account.

* Only a small minority feel that a corporation's duty is only to its owners, or even primarily to its owners. More than 60% believe that the interests of owners must be served in competition with the interests of three other groups — i.e., employees, customers, and the public.

* More than 70% of the executives surveyed disagree vigorously with the contention of best-seller author Charles Reich that "the corporate state... is not responsible to democratic or even executive control."

Clearly, the espousal of such views by a group of businessmen, insofar as traditional business policy is concerned, borders on heresy. Furthermore, the results appear even more significant when one considers that 75.1% of the respondents are in what normally would be classified as top management positions.

Change is certainly indicated by these results — change, if in nothing else, in attitudes. More to the point of this research, it seems reasonable to suggest that the results of the survey indicate a strong likelihood of change in the values of American businessmen.

The subject of personal value systems, while not yet elevated to the status of a fad, has been receiving increasing attention from students of organizational behavior. Kelly [1969], for example, states: "The most difficult but one of the most important topics in this book is the matter of values...(the subject) is an extremely important matter for executives because the existence of value hierarchies structures the selection of managerial goals." [p. 621]

In 1967 George England reported on his sizeable study of the personal value systems of American managers, and has subsequently refined his initial work with further studies. England's [1970, pp. 2-3] views on the significance of personal values can be seen in his assertions:

* Personal value systems influence the way a manager looks at other individuals and groups of individuals, thus influencing interpersonal relationships.

* Personal value systems influence a manager's perceptions of situations and problems he faces.

* Personal value systems influence a manager's decisions and solutions to problems.

* Personal value systems set the limits for the determination of what is and what is not ethical behavior by a manager.

* Personal value systems influence the extent to which a manager will accept or will resist organizational pressures and goals.

* Personal value systems influence the perception of individual and organizational success as well as their achievement.

* Personal value systems provide a meaningful level of analysis for comparative studies among organizational groupings and/or national groupings of managers.

The logic underlying the assumption that the values of the individual somehow affect his decisions and behavior appears to be quite defensible in light of the substantial amount of groundwork that has been performed by psychologists and sociologists. However, universal agreement on the subject of value systems is anything but the case. Considerable controversy exists on the subject, and this controversy complicates any attempt at a straightforward survey of it. The approach that has been settled on for the purposes of this research is to pursue a course which:

1) attempts to determine what constitutes a personal value;
2) describes how personal values evolve;
3) examines the implications of value conflict within the organization;

4) considers various approaches to the study of personal values, and

5) reviews relevant contemporary research on the subject.

1. Definition

Various definitions of "value" can be found throughout the literature. Some representative definitions are:

> "...an attitude [tendency to act] held by an individual or group toward an object — material or non-material, 'real' or 'imaginary' — such that the object is esteemed, as something worthy of choice, so that in relation to the behavior of those who hold it the value has a 'should' or 'ought' quality." [Rose, 1965]

> "Values are the desired events, objects, and conditions for which men strive...In psychological terms, values are the goal objects of human motivation, presumably attributable to or derived from basic 'needs' or 'instincts'." [Gurr, 1970]

> "...conceptions of the desirable...usually voiced in goals and standards of action..." [Clark, 1965]

> "(A naturalistic system of values is)...a by-product of the empirical description of the deepest tendencies of the human species and of specific individuals. The study of the human being by science or by self-search can discover where he is heading, what is his purpose in life, what is good for him, what will make him feel virtuous and what will make him feel guilty, why choosing the good is often difficult for him, what the attractions of evil are. (Observe that the word 'ought' need not be used. Also such knowledge of man is relative to man only and does not purport to be 'absolute'.)" [Maslow, 1962]

> "A value...is a generalized end that guides behavior toward uniformity in a variety of situations, with the object of repeating a particular self-sufficient satisfaction." [Fallding, 1965]

"Values do not consist in 'desires' but rather in the 'desirable' -- that is, what we not only want, but feel that it is right and proper to want for ourselves and others." [Kluckhohn, 1951]

As is evident from these definitions, considerable differences exist in determining just what a value is. As with most terms common to different disciplines, definition invariably is linked with one's interests. Thus, philosophers and anthropologists, as England [1970, p. 3] observes, treat values as that which is "desirable," or "ought to be." Sociologists, on the other hand, tend to eschew the normative approach in favor of a preferential viewpoint which focuses on likings, needs, desires, and interests.

Whatever one's particular orientation, however, there is general agreement that a certain amount of preprogramming exists within the individual — a tendency or disposition to act in a manner which might be described as uniform over a wide variety of situations. Allport [1966] speaks of "generalized action tendencies," Guth and Tagiuri [1965] talk of value systems as "...the guidance system a personality uses when faced with choices of alternatives," and in these two descriptions we have the two elements essential to the concept of value systems: a disposition to act or behave in a recognizable manner, and order. Florence Kluckhohn [1961] put it well when she described value systems as" "...complex but definitely patterned (rank-ordered) principles...which give order and direction to the ever-flowing stream of human acts and thoughts."

Having identified the two basic elements of a personal value system, let us proceed to an examination of how these systems evolve.

2. <u>The Humanizing of Values</u>

The personal value system of an individual is such a pervasive part of his being that, unless he is faced with a significant conflict which motivates deliberate introspection, he normally takes it for granted. Personal value systems accompany awareness throughout one's life. The initial value system possessed by the individual is transmitted to him "...through his parents, teachers, and other significant persons in his environment who, in turn, acquired their values in similar fashion. Child-rearing practices are expressions of a family's values, and of the values of the social group to which the family belongs." [Guth & Tagiuri, 1965, p. 125] Psychologists maintain that Freud's superego constituted an attempt on his part to uncover the childhood roots of what, for the adult, would be called conscience and a system of values. Kelly [1969, p. 621] states: In Freudian terms, at the individual level, values represent the introjected wishes of the parents. The process of growing up...refers to the process of socialization — how the child assimilates the extant value system."

R. W. White [1952] called the process of growth or evolution of value systems "the humanizing of values," and observed:

> "They [values] are accepted under a certain duress, they are misunderstood, they are taken over wholesale by identification, they are rejected wholesale in a phase of negativism, and they may well become a bone of contention in contests between parents and children." [p. 352]

Emphasizing the evolutionary nature of the process by which adult human value systems come into being, White [1952, p. 353] makes the further points:

> "The person increasingly discovers the human meaning of values and their relation to the achievement of social purposes, and he increasingly brings to bear his own experiences and motives in affirming and promoting a value system. The overall trend, starting from childhood, might be described as a trend from absolute received values to a personally wrought value system...The growth trend implies that his values, whatever their content, become increasingly his own, increasingly a reflection of his own experiences and purposes."

As Whyte [1943] pointed out so ably in his "Street Corner Society," the influence of the peer group as a socializing force and a determinant of the individual's values system effectively displaces the influence of the family when the adolescent ventures from the home into the society of school and the playground. When the individual progresses into his chosen field of work, peer group influence, as shown in the Bank Wiring Room Experiment, continues to exert an influence on his values and, in addition, a new force is added — the values of the organization. This is a subject which will be discussed at greater length in the following section.

Returning to the individual's value system, identification, or even awareness, of values normally does not occur until the individual is confronted with some form of conflict — conflict in this case being a problem in decision-making. Such conflict often is the cause of modification to a person's value system as noted by White [1952, p. 354]:

> "The general situation that leads to the humanizing of values is one in which existing values become an occasion for conflict. Perhaps a value that has been automatically accepted is challenged by a competing value. The person then faces the choice of espousing the new value or affirming the old one, and even if he chooses the latter course...his affirming represents a new perception of what is involved and a new enlisting of motives that are really his own. Sometimes in such a conflict the person finds that the new value captures his loyalty. He then shifts to it, realizing more clearly than before what is implied both by the new value and by the old one... Sometimes growth comes about when a person in the course of acting upon his usual values produces an unexpected and unwelcome result."

The evolution of value systems to this point characterizes man and his adoption of values as being primarily reactive in nature. He receives his values from his parents initially, these are then amended by peer pressure, and further remolded by the organization. This is, perhaps, an overly dismal picture. Jung wrote about "integration" during the transvaluation phase of the process of living, and Allport speaks of a "unifying philosophy of life." What they, as well as White with his "humanizing of values," seem to be getting at is that the individual attempts to harmonize his values so that they work toward a common cause, and it is in this attempt at integration that the individual places

his personal stamp on his value system — thus making it the personality's guidance system to which Guth and Tagiuri refer.

3. Organizational Values

It is not unusual to find oneself attributing personal characteristics to an organization. The name of AT&T conjures up one impression, and General Motors yet another. In a manner of speaking we might say that each organization has a personality which is uniquely its own. Business firms in the same industry, apparently pursuing identical ends, can differ dramatically in their "personalities." Some writers would maintain that the differences could be traced directly to value differences in the respective boards of directors or top executives. Undoubtedly there is more than a little justification for such a view, but one cannot help but wonder if such an answer isn't an oversimplification. In the case of Eastern Airlines mentioned earlier in this chapter, did Rickenbacker's parsimonious values truly permeate the organization, or were they merely the visible tenth of the iceberg? Might it not be more logical to assume that layers of values exist in an organization, and it is the integration of these layers of values which determines the personality of the organization?

Guth and Tagiuri [1965] addressed themselves to the impact of top executives' personal values on corporate strategy. Defining corporate strategy as an explicit and shared set of

goals and policies defining what the company is to achieve and how it is to go about achieving those goals, they note the importance of consensus on goals — and how if a viable consensus does not exist, each will be influenced by his own values and conceptions with conflict and disorganization resulting, and nobody quite understanding why.

That such a situation could occur with the stated results is quite believable, particularly where the formulation of strategy is involved. But what about consideration of the values of all levels of management — not to mention those of the rank and file — are they not also worthy of consideration? Earlier in this chapter we considered a hypothetical situation in which a plant manager was faced with a goal conflict situation (profit vs customer goals). To obtain a true understanding of this conflict situation, it is suggested that we must probe a little deeper, and examine the manager's personal value system — the key to his valuation of goals.

Guth and Tagiuri [1965, p. 127] make this point with respect to strategy formulation with the example:

> "*If economic values clearly dominate his other values, he will be more inclined to emphasize opportunities for growth and profitability and to make strategic decisions which call for stretching or adding to present resources to attain these goals.
>
> *If, on the other hand, other values dominate his personality, he will match his company's opportunities, [illegible] risks, and resources in terms of the values [illegible], possibly at the sacrifice of

growth and profitability. Thus, an executive with strong and dominant political values may tend to choose among alternative strategies the particular one which maximizes his opportunity to gain additional power."

Bass [1965] extends consideration of the values of managers to an international basis. Noting the interdependence of inputs and outputs — attempts to maximize some organizational output or to minimize some input or waste are bound to result in less than desired outcomes somewhere else in the system — he comments:

> "The problem, thus, is not how do we maximize profits, rather, it is <u>what</u> are we trying to optimize? What is it we want to make as good as possible with the constraints and limitations in which our organization must operate? The answer is a relative one; for what we are trying to optimize depends on the <u>values</u> of those who manage our business enterprises. Differences among organizations in different countries are likely to be due to a considerable degree to differences in the predominant values of the different countries." [p. 24]

To American firms he attributes value systems emphasizing activism, optimism, equalitarianism, abundance, and pragmatism. At American businessmen he levels the oft-heard characterization/criticism: it is better to act than to think, better to achieve than to be, and better to do than to contemplate. Bass supports his contention with familiar contrasts between American firms and workers and those of other nations.

Although it is perhaps more easy to observe culturally based value differences, it is suggested that comparable [illegible] value differences exist and these differences

lend themselves to analysis. Recent research on "organizatioinal climate" represents one approach to such analysis. Tagiuri and Litwin [1968] provide a sampling of work performed in this area, and Sorcher and Danzig [1969], Oliver [1970], and Schneider and Bartlett [1968] offer contemporary empirical research.

In summary, it is held by various students of organizational behavior that organizations possess "personalities" uniquely their own. Personality has been attributed to various factors — e.g., the firm's concept of the nature of man, extent of participation in management, to name but two. The personality of an organization tends to be perpetuated, because it often is a major attraction to prospective members — i.e., people tend to join organizations which manifest value systems compatible with their own. The values of top executives strongly influence the values adopted by the organization, but are not the singular determinant. Environmental factors, dynamic factors, and the values of the membership are also involved. These considerations are reflected in the Theoretical Model.

4. Classification and Measurement of Values

The landmark work in the study of "values" is considered by many to be Eduard Spranger's Types of Men [1922]. Since many subsequent works trace their origins to this brilliant work, it might be well to briefly review its high points.

those who have strong theoretical, economic, and aesthetic orientations rather cold. Unlike the political type, the social man regards love as the most important component of human relationships. In its purest form the social orientation is selfless and approaches the religious attitude.

e. The political man is characteristically oriented toward power, not necessarily in politics, but in whatever area he functions. Most leaders have a high power orientation. Competition plays a large role in all life, and many writers have regarded power as the most universal motive. For some men, this motive is uppermost, driving them to seek personal power, influence, and recognition.

f. The religious man is one 'whose mental structure is permanently directed to the creation of the highest and absolutely satisfying value experience.' The dominant value for him is unity. He seeks to relate himself to the universe in a meaningful way and has a mystical orientation."

Spranger's theories were accepted by Allport and Vernon [1931] and placed in an operational format in their Study of Values. Essentially, Allport and Vernon developed a questionnaire consisting of 120 questions — 20 questions per value concept. A second edition was published in 1951, and was followed in 1960 with the third (and present) edition. Currently Study of Values (3rd ed.) contains norms based on 8369 college students and several thousand businessmen and women. Figure 15 presents mean scores for some of the groups of people who have taken the test.

In reviewing his four decades of work in this area, Allport [1966] offered his rationale for the development of the questionnaire:

"... the instrument rests on an a priori analysis of one

FIGURE 15

MEAN SCORES: STUDIES OF VALUES

	Female collegiate norms N = 2,475	Graduate nurses training for teaching N = 328	Graduate students of business administration N = 77	Peace Corps teachers N = 131	American Businessmen N = 653
Theoretical	36.5	40.2	37.3	40.6	41.0
Economic	36.8	32.9	40.4	29.9	45.0
Aesthetic	43.7	43.1	46.8	49.3	35.0
Social	41.6	40.9	35.0	41.2	33.0
Political	38.0	37.2	41.8	39.7	44.0
Religious	43.1	45.7	38.7	39.2	39.0

*Sources: Allport [1966, p. 4] provided the data for the four occupational groups of women; Guth and Tagiuri [1965] and Tagiuri [1965] provided the data on businessmen.

**The test is designed to yield a total of 240 points, distributed over the six value dimensions. Thus, one dimension can only be emphasized at the expense of one or more other dimensions.

> large region of human personality, namely the region of generic evaluative tendencies. It seemed to me 40 years ago, and seems to me now, that Eduard Spranger (1922) made a persuasive case for the existences of six fundamental types of subjective evaluation or Lebensformen. Adopting this rational starting point we ourselves took the second step, to put the hypothesis to empirical test. We asked: Are the six dimensions...measurable on a multidimensional scale? Are they reliable and valid? Spranger defined the six ways of looking at life in terms of separate and distinct ideal types, although he did not imply that a given person belongs exclusively to one and only one type.
> It did not take long to discover that when confronted with a forced-choice technique people do in fact subscribe to all six values, but in widely varying degrees. Within any pair of values, or any quartet of values, their forced choices indicate a reliable pattern. Viewed then as empirical continua, rather than as types, the six value directions prove to be measurable, reproducible, and consistent." [p. 4]

Numerous studies have been made analyzing the Allport-Vernon test. In performing a factor analysis, Lurie [1937] found four factors which might be called social and altruistic; Duffy and Crissy [1940] took off with a correlational analysis of Lurie's results and the original scores from the first edition of Study of Values; and in recent times Guth and Tagiuri have been conducting continuing analysis with the test. A complete recounting of such studies could go on for pages.

Other approaches to the measurement of values are represented in the works of Adorno et al. [1950] and Strong [1955]. The former developed an Authoritarianism Scale (F) using a rationale and methodology which would be of use to a researcher interested in the measurement of values. In his work on Vocational Interests, Strong found a test-retest correlation

over an 18 year period with a range of .79 to .48 with a median of .69. As Strong noted, "It is doubtful if any type of test excepting intelligence tests, has greater permanence over long periods of time than is shown by interest tests."

An advance of particular interest to this research was that of Osgood, Suci, and Tannenbaum [1957]. Their rationale, as summarized by England [1970, pp. 9--10], was:

> "a. Words represent things because they produce in human organisms some replica of the actual behavior toward these things as a mediation process.
>
> b. Meaning is defined as the representational mediation process between things and words which stand for them.
>
> c. The semantic differential measurement operation relates to the functioning of representational processes in language behavior and hence may serve as an index of these processes (meaning).
>
> d. Meaning, as measured by the semantic differential, should be predictive of likely behavior."

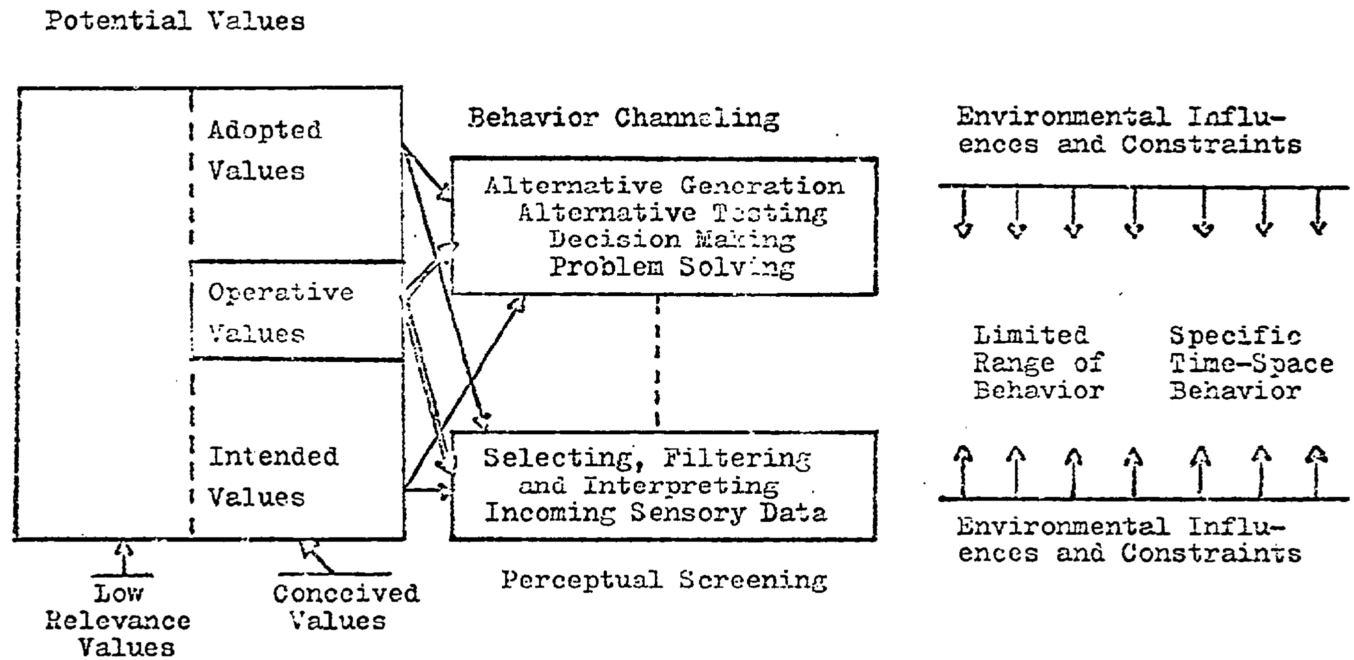
Through their work, Osgood and his colleagues have shown that meaning has several different dimensions which lend themselves to measurement by sets of bipolar adjectives which determine the meaning of a concept for an individual. It was this approach which was adapted by England [1967] and which underlies the questionnaire used in this research.

5. <u>England's Research on Personal Value Systems</u>

a. <u>Theoretical model</u>. Figure 16 presents the theoretical model formulated by England as the basis for his research.

FIGURE 16

ENGLAND'S THEORETICAL MODEL



*Source: England [1970, p. 13].

Designed with the intention of accomodating the group to be studied (i.e., managers), the model portrays the relationship of values to behavior.

Values are classified as:

(1) Potential Values - all possible values held by managers.

(2) Non-Relevant Values - one of two classes of values which constitute potential values. These values would have little or no impact on behavior.

(3) Conceived Values - the other component of potential values, values which may be intended or professed. There are three classifications of conceived values:

(a) Operative Values - those values which have a high probability of being translated from the intentional state into actual behavior.

(b) Adopted Values - those values which are less a part of the personality structure of the individual but may affect behavior because of situational factors.

(c) Intended Values - those values which have a relatively low probability of being translated from the intentional state into behavior.

Also reflected in the model are two ways in which values influence behavior: behavior channeling and perceptual

screening. England [1970, p. 12] differentiates the two in the following manner:

> "Behavior channeling would be illustrated by the behavior of an individual who places a high value on honesty and integrity when he is approached with a proposition which involves deception and questionable ethics. His behavior would be channeled away from the questionable proposition as a direct result of his operative values...Examples of perceptual screening underlie the common expressions, 'he hears only what he already agrees with', and 'you can't teach an old dog new tricks'. The power of personal values to select, filter, and influence interpretation of what one 'sees' and 'hears' is well known in common experience and in the scientific study of behavior."

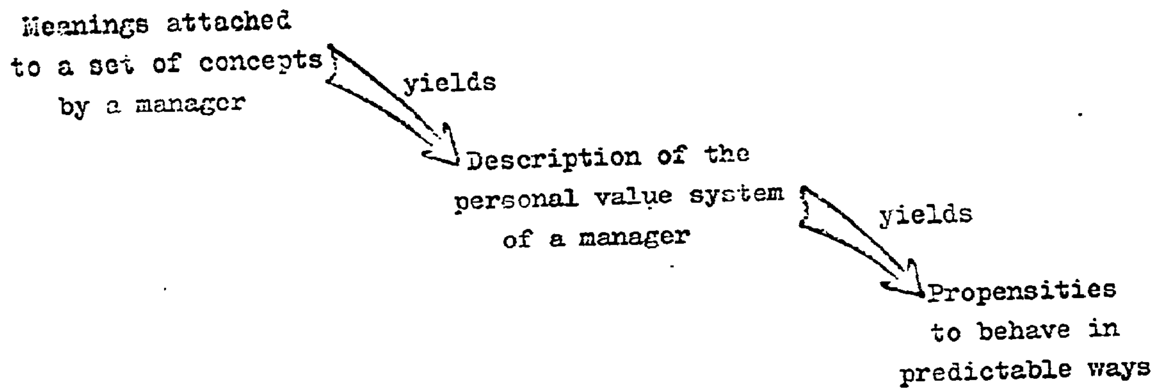
The model further shows that the impact of values on behavior must be considered vis-à-vis the demands of the environment before definite predictions (or even statements) can be made about an individual behaving in a certain way at a given time under various conditions. As England observes, values are only a part of the story, not the whole show.

b. The research instrument. The mechanics of England's questionnaire were presented in Chapter I (pp. 9-12); however, it might be well at this point to review some of the basic assumptions underlying the instrument.

Figure 17 presents the basic assumption of both England's and this research — namely, that meanings attached to a carefully specified set of concepts by an individual manager will provide a useful description of his personal value system, which in turn may be related to his behavior in predictable

FIGURE 17

UNDERLYING ASSUMPTION OF RESEARCH



ways. Such an assumption clearly borrows heavily from Osgood's "semantic differential."

This assumption is incorporated into the questionnaire through the valuation system. Recall that there are two primary modes of valuation: the power mode (high importance-low importance), and the description mode (successful, right, and pleasant). The reasoning behind the power mode is similar to that of most value measurement — i.e., "the general value of objects or ideas to an individual is largely a function of how important or unimportant he thinks the object of idea is." The description mode, on the other hand, is intended to differentiate between the concept of importance of values and their translation into behavior. This is accomplished by identifying a consistent rationale as to why an individual or a group considers certain concepts to be important or unimportant. In England's terminology, this would be one way of distinguishing operative values from the other clases of conceived values, as well as from low relevance values.

What is proposed, therefore, is that behavior, insofar as it is influenced by values, may be explained by considering those things which are perceived as being important, and which are given this valuation for reasons consistent with the primary orientation of the individual or group.

England [1970, p. 17] symbolically presents this concept as:

$$B_v \longrightarrow f(I \cap PO)_c$$

> "...the behavior of an individual, insofar as behavior is a function of values, is best indicated by the joint function of those concepts he considers important and which fit his primary orientation."

c. <u>Primary orientation classification</u>. The identification of an individual's primary value orientation is accomplished in two steps:

(1) Of the concepts assigned a rating of "high importance", note the proportions classified as successful, right, and pleasant (i.e., those descriptors which have "ones" in front of them). Identify the largest proportion. In terms of probability theory, what has been done up to this point has been the identification of the largest of the three following conditional probabilities: the probability of responding successful given high importance, $P(S/HI)$; the probability of responding right given high importance, $P(R/HI)$; and the probability of responding pleasant give high importance, $P(P/HI)$.

(2) Compare the largest of the above conditional probabilities with its complement — e.g., compare $P(S/HI)$ with the proability of responding successful given <u>not</u> high importance, $P(S/\overline{HI})$. If the former is larger than its complement, then the descriptor would define the individual's primary orientation:

$$P(S/HI) \geq P(S/\overline{HI}) = \text{pragmatic orientation}$$

$$P(R/HI) \geq P(R/\overline{HI}) = \text{moral-ethical orientation}$$

$$P(P/HI) \geq P(P/\overline{HI}) = \text{affect or "feeling" orientation.}$$

However, if the complement is larger, the primary orientation is classified as "mixed."

In addition to the process described above, England imposes one further condition which must be met: the largest conditional probability (P(S/HI), P(R/HI), or P(P/HI)) must be greater than 0.15. If not, the individual is classified as having a mixed orientation.

d. Results. Figure 18 presents a comparison of the primary value orientations discovered by England and his associates in four separate research efforts. The observable contrasts between the groups indicate that this approach does possess power of discrimination, and the nature of the contrasts appear to be consistent with previous research performed on value systems.

However, since the personal value systems of managers is of primary concern to this research, we shall narrow our focus to examine the results of England's first study [1967a].

As indicated in Figure 18, England found American managers, as a group, to possess a pragmatic primary value orientation. Thirty-nine of the 66 value concepts (Part I of the instrument for this research) were rated by the total group as being of "high importance," 29 of which were likely viewed as "successful." Five hundred and sixty-two (52%)

FIGURE 18

A COMPARISON OF PRIMARY VALUE ORIENTATIONS

Primary Value Orientation	Managers (N = 1071)	Union Leaders (N = 136)	Naval Officers (N = 271)	College Seniors			
				Business (N=216)	Engr (N=132)	Theology (N=106)	Art/Music (N=54)
	%**	%	%	%	%	%	%
Pragmatic	58	14	41	51	33	7	26
Moralistic	31	57	47	11	14	50	35
Affect***	1	4	1	1	2	8	6
Mixed	9	25	11	37	52	36	33

*Source: England [1968a, p. 9].

**Percentages of each group rounded to the closest whole per cent.

***For Naval Officers, read traditionalistic instead of affect.

assigned more of the concepts to the "high importance-successful" cell than to any other (the next highest was "high importance-right" with less than 26%), and 58% were found to have pragmatic orientations. Thirty-one percent of the managers had moral-ethical orientations, one percent were affect oriented, and nine percent were mixed.

Figure 19 reflects the assignment of each of the 66 value concepts to one of the nine possible matrix categories, as well as to one of the four value classifications. A concept, in order to be placed in a specific cell, had to receive more responses in that category (e.g., high importance-successful) than in any other. From these results England makes the following suggestions about managers as a group:

(1) The 29 values rated "high importance-successful" represent operative values for managers and should influence managerial behavior more than concepts given other ratings.

(2) The nine concepts in the cells labeled "Adopted Values - Situationally Induced" are those that have been observed as being successful in the manager's organizational experience but which he finds difficult to internalize and consider important.

(3) The 10 concepts in the "Intended Values - Socio-culturally Induced" cells are those which the manager has considered to be highly important throughout most of his

FIGURE 19

MANAGERIAL VALUE PROFILE (N = 1072)

OPERATIVE VALUES (29)

High Productivity (HI-S)
Industrial Leadership (HI-S)
Organizational Stability (HI-S)
Profit Maximization (HI-S)
Organizational Efficiency (HI-S)
Organizational Growth (HI-S)
Employees (HI-S)
Customers (HI-S)
My Co-Workers (HI-S)
Craftsmen (HI-S)
My Boss (HI-S)
Managers (HI-S)
Owners (HI-S)
My Subordinates (HI-S)
My Company (HI-S)
Stockholders HI-S)
Technical Employees (HI-S)
Me (HI-S)
White Collar Employees (HI-S)
Ambition (HI-S)
Ability (HI-S)
Skill (HI-S)
Cooperation (HI-S)
Achievement (HI-S)
Job Satisfaction (HI-S)
Creativity (HI-S)
Success (HI-S)
Change (HI-S)
Competition (HI-S)

ADOPTED VALUES (9) -- Situationally Induced

Labor Unions (AI-S)
Aggressiveness (AI-S)
Influence (AI-S)
Power (AI-S)
Compromise (AI-S)
Conflict (AI-S)
Risk (AI-S)
Prejudice (LI-S)
Force (LI-S)

INTENDED VALUES (10) -- Socio-culturally Induced

Employee Welfare (HI-R)
Trust (HI-R)
Loyalty (HI-R)
Honor (HI-R)
Dignity (HI-R)
Individuality (HI-R)
Government (HI-R)
Property (HI-R)
Rational (HI-R)
Religion (HI-R)

LOW RELEVANCE VALUES (18)

Social Welfare (AI-R)
Laborers (AI-R)
Blue Collar Workers (AI-R)
Obedience (AI-R)
Compassion (AI-R)
Tolerance (AI-R)
Authority (AI-R)
Caution (AI-R)
Conservatism (AI-R)
Equality (AI-R)
Liberalism (AI-R)
Leisure (AI-P)
Autonomy (AI-P)
Money (AI-P)
Security (AI-P)
Prestige (AI-P)
Emotions (AI-P)
Conformity (LI-P)

*Source: England [1967a, p. 61].

**No values were placed in the (HI-P) and (LI-R) cells.

life, but which do not fit his organizational experience. These are professed values which have less influence on behavior than concepts in either of the two previous categories.

(4) The "Low Behavioral Relevance" group of concepts complete the list and would have little or no influence on managerial behavior.

e. Conclusions. In summarizing his study, England [1967a, pp. 67-68] made the following observations:

"(1) personal value systems of managers can be meaningfully measured even though they are complex in nature;

(2) there is a general value pattern which is characteristic of American managers...;

(3) personal values operate at the level of corporate strategy and goals as well as at the level of day-to-day decisions;

(4) the personal value systems of individual managers influence the organization in both an indirect and direct manner at the same time that personal value systems are influenced by organization life;

(5) differences in personal value systems help to explain the nature of conflict between individuals in an organization while similarity of value patterns is probably responsible for most accommodation among individuals; and

(6) the study and thoughtful examination of one's own personal value system may well be helpful in the effort that all must make in the 'strain toward consistency' between what one believes and what one is."

6. Summary

The study of personal value systems constitutes one approach to the study of human behavior. No serious student of organizational behavior would contend that it offers all the answers, or even many of the answers, to the multitude of perplexing questions which have been raised concerning the functioning of the individual within the organization. There is no doubt, however, that personal values systems do exist, are universally distributed, and can provide at least a partial key to the understanding of human behavior.

Until fairly recently, the study of personal values had generally been overlooked by students of organizational behavior, but the realization that hierarchically ordered general dispositions to act can be identified, has convinced many that personal value systems can be a potent tool. Outside academic circles, the subject of personal values is studiously avoided. An illustration of this would be the manager who, either tiring of trying to convince a subordinate of the efficacy of a favored course of action or sensing that his favored alternative can not stand up under the scrutiny of logic, terminates discussion with the remark: "It's a value judgment on my part." With the uttering of such a statement, the subordinate normally folds-up his tent and slips silently away because "everyone" knows you [illegible] question or discuss an individual's values. As a social [illegible] ranks right along with politics and religion.

One point of this research is to show that such a belief is myopic — that values should be a real concern of organization leaders because their impact on the organization is truly pervasive. Also, in coming to understand our own value systems we are better equipped to exercise objectivity, or at the very least opt for alternatives which, all other things being equal, are the most compatible with them.

Although interesting and worthy of research in their own right, personal value systems of managers are being used in this study as a means of valuating organization goals. In this respect, the value systems are being used as tools. It is believed that they are exciting tools to work with and will serve the purposes of this research well. The additional empirical data on personal value systems which will result from this research is an unanticipated spinoff for a researcher who started off with the single idea that formal research was needed on organization goals.

CHAPTER III

THE BELL SYSTEM AND NEW YORK TELEPHONE COMPANY

The intent of this chapter is to provide the reader with a thumbnail sketch of the New York Telephone Company, the organization which has kindly agreed to act as the subject for this research.

Since New York Telephone is but one of 24 Associated Companies which, along with Western Electric, Bell Telephone Laboratories, and Long Lines, make up the Bell System, we will first examine the parent corporation, American Telephone and Telegraph (AT&T), a little of its history, its organization, and some of the current issues which are of vital interest to the corporation. Having done this we will then narrow our focus to New York Telephone, examine its organizational structure, issues which are currently of concern, its goals, and provide background information on the organizational units which participated in the comparative analyses.

1. <u>AT&T — Origin of the Colossus</u>

The date of June 2, 1875 might well be considered the birthday of the Bell System, for on that date Alexander Graham Bell and his assistant Thomas Watson first transmitted the sound of a vibrating reed through a wire. On February 14, 1876, Bell applied for a patent which was granted soon after. With the backing of two business partners, Bell

created the Bell Telephone Company in July of 1877. One of the partners, Gardiner Hubbard, took charge of running the business, the other, Thomas Sanders, provided enthusiasm and much needed capital, and Bell acted as a technical adviser.

Overcoming initial customer reluctance took time, but the Company persevered and the business began to grow. Two important policy decisions were made during the Company's infancy which were to remain intact for a number of years (one still exists today) and greatly facilitate the growth of telephony in the United States. They were: 1) the Company would lease its equipment rather than sell it outright; and 2) rather than attempt immediate expansion by forming branch offices in different cities, the Company would license local companies to operate a telephone business under the Bell patent. Under terms of the license the Company agreed to supply telephones to the licensee on a rental basis and provide the necessary technical know-how. The licensee agreed to rent the Bell instruments to subscribers and to pay the Company a fee.

The early years were difficult ones for the new Company. Strapped for funds, it underwent reorganizations in 1878, 1879, and 1880. During this time it first changed its name to the National Bell Telephone Company (1879) and then to the American Bell Telephone Company (1880). Just how bleak the situation was can be appreciated from the fact that in the Fall of 1877, Hubbard offered to sell the Bell

patent to Western Union for $100,000. In what ranks as one of the classics of corporate myopia, Western Union's president, William Orton, is reported to have laughed at the offer and turned it down with the statement: "What use could this company make of an electrical toy?"

Apparently Mr. Orton found an answer to his question, for only a few months later he hired a trio of inventors (Thomas Edison, Amos Dolbear, and Elisha Gray) and established a subsidiary, the American Speaking Telegraph Company. The offspring of what was then the most powerful electrical company in the world seemed destined to drive the fledgling Bell Company out of existence. Its strengths stemmed from the fact that it had the resources of a company with forty million dollars of capital to draw from, Edison had invented a transmitter which was superior to that of the Bell Company, and Elisha Gray, one of the trio of inventors hired by Orton, had filed a caveat (notice of intention to invent) on the art of transmitting speech electrically on the very same day that Graham had filed his patent.

When things should have looked darkest for the Bell Company, a dramatic turn in events occurred. Impressed by the fact that a powerful company such as Western Union was interested in the telephone, the public suddenly started beating a path to Hubbard's door. Also, a young inventor from Boston named Francis Blake invented a transmitter of equal quality to Edison's and offered to sell the patent

rights to the Bell Company for Bell stock. Finally, Hubbard lured a young man from the Federal Postal Service in April 1878 who, in two separate careers with the Company, was to guide the Bell System to the unique position it presently enjoys. That young man was Theodore N. Vail.

In 1878 Vail initiated legal action against Western Union, charging that it had infringed on the Bell patent. The case dragged on for over a year and then, convinced their cause was lost, and fearful that Jay Gould might take over Bell if the litigation was prolonged, Western Union capitulated and settled out of court. By the terms of the agreement Western Union recognized the legitimacy of the Bell patent, and sold its phones and exchanges to the Bell Company.

After 1879 the fortunes of the Company soared. Within the ranks of the leadership, however, dissension arose over basic goals and policies of the Company. The majority of the directors viewed the Company as a highly profitable monopoly whose primary responsibility was to the stockholders, while a minority led by Vail believed that most of the profits should have been reinvested in the Compay to foster expansion and the improvement of equipment. From the very outset of his association with the Bell Company, Vail had spoken of a "natural monopoly" and a telephone company which would be national in scope. However, the majority of the directors (mostly Boston bankers) were more concerned with stockholder dividends — which, at this time, were running

at a handsome 18% return on investment — apparently believing they had built the better mousetrap, and could answer the knocking at their door whenever they were good and ready. Vail, on the other hand, was convinced the Company should move purposefully, consolidating gains, improving the quality of service, and maintaining a low profile to avoid public antipathy towards the "natural monopoly." But the differences were irreconcilable, and Vail resigned from the Company in 1887. He was replaced by John E. Hudson, a lawyer and one-time Greek scholar who, according to the critical Goulden [1968, p. 59], "...thought telephone use was a privilege, rather than a service."

By the time he first left the Bell Company, Vail had fashioned the basic framework for the Bell System as it exists today. Goulden [1968, pp. 57-58] relates that he accomplished this by concurrently pursuing three courses of action:

> "1. Bell sought out small local promoters who were willing to organize phone companies in their towns, enlist subscribers, and sell stock, substituting 'their energy and their ambition and their prospects for profit' for money as Vail put it. The bulk of these contracts were for five years; in addition to selling the telephone instruments, Bell got a share of the stock...In a handful of larger towns Bell gave permanent contracts but took in return a stock interest of 30 to 50 percent. Vail himself received the New York franchise as an extra inducement to leave the Post Office. The N. York Telephone Company arrangement was typical of the permanent contracts: Bell took 40 percent of all stock and a $10 annual fee for telephones in return for the exclusive right to use and rent telephones at and between all places within the district of 33 miles

of the City of New York (not including any part of the State of Connecticut), and the whole of Monmouth County, New Jersey, and the whole of Long Island.' In addition to stock ownership, Bell demanded the right to representation on boards and executive committees of these licensee companies, restricted them from borrowing money without Bell's consent, and directed that expansion be paid for by capital stock issues — not from profits. Bell also required the licensees to 'make such reports, giving such information regarding the operations of their exchanges and the prices charged as the licensor [Bell] may from time to time request.' The license contracts thus enabled Bell to fulfill its two basic objectives' control and profits, the latter from both phone rentals and the general business of the licensed companies.

2. Bell absolutely forbade its licensee companies to interconnect with non-Bell franchises for long-distance calls...Commercial long-distance telephony was introduced in 1885, first between Boston and New York, and became increasingly important on the Eastern Seaboard in the next few years — but only between Bell cities.

3. Bell vigorously pursued patents on the myriad devices necessary for telephone service...Vail set up a Bell engineering department to 'examine all patents that came out with a view to acquiring them because... we recognized that if we did not control these devices, somebody else would, and we would be more or less hampered in the development of the business.'

For the first seven years of Hudson's tenure, the Bell Company moved along leisurely, content with healthy profits, but zealously protecting its established patent rights. (From the time of the settlement with Western Union until 1897, the Company successfully defended its patents in 600 separate patent infringement cases.) In 1893, however, when the basic Bell patent expired, independent telephone companies began to spring up everywhere — even in towns where Bell was firmly established. Blacksmiths fashioned crude instruments

and subscribers to "farmer companies" connected to barbed wire fences or iron wire nailed to trees. As Danielian [1939] and Stehman [1967] point out, however, the competition posed by the independents was more imagined than real. Since only the Bell System had the ability to provide long-distance service, the independents' customers were restricted to their immediate areas. However, the threat of competition — imagined or not — was sufficient to get Bell moving. While from 1885 to 1894 Bell had increased phones by an average of 6.2 percent annually, the growth from 1895 to 1906 averaged 21.5 percent per year.

Until 1900 the Bell Company had maintained its headquarters in Boston, but by the turn of the century both the restrictive laws of Massachusetts and the need for access to the New York money markets dictated a move to New York. This move led to the reorganization which gave the Bell System the structure which it holds today. The organization was reincorporated under the name of its long distance division, American Telephone and Telegraph, with AT&T assuming the status of parent corporation.

Soon after the reorganization, Hudson died unexpectedly and was replaced by Frederick P. Fish, a member of AT&T's board of directors. Fish took over in a period of wild expansion and rampant inflation. To keep abreast of the expansion, AT&T borrowed heavily. When the boom showed signs of slowing in 1906, the New York bankers started to become

anxious over their loans. Fish was fatigued and anxious to return to his law practice, and the bankers were eager to see him replaced by a more dynamic chief executive. Vail was approached by their representatives and finally agreed to come back into the Company. The date he took office, April 30, 1907, is referred to in corporate literature as the start of the modern era of the Bell System.

Given a free hand, Vail set about achieving his "natural monopoly." Using the cities in which Bell was firmly established as fortified hamlets, the Company sallied forth and absorbed adjacent independents. The 1907 financial panic had dealt a crippling blow to many independents, and they were particularly vulnerable at this point to takeover attempts. At least one critic of the Company notes that of particular interest to AT&T at this time were independents located at strategic points in proposed coalitions of independents aimed at establishing a nationwide network of telephone companies. Certainly, such action would not have been inconsistent with Vail's credo: "One policy, one system, one universal service."

Coon [1939] reported that in 1907 Vail declared to the stockholders:

> "The strength of the Bell system lies in its universality...It affords facilities to the public beyond those possible on other lines. It carries with it also the obligation to occupy and develop the whole field... Two exchange systems in the same community, each serving the same members, cannot be conceived of as a permanency, nor can the service in either be furnished at any material reduction because of competition, if return on investment and proper maintenance be taken into account.

Duplication of plant is a waste to the investor. Duplication of charges is a waste to the user."

Soon after taking charge, Vail instituted sweeping internal reforms. One of his first actions was to fire 12,000 workers from Western Electric plants. (Western Electric is discussed later in this chapter.) Next he replaced the Company's chief technical executive. Then he implemented a system of rigorous centralized control over engineering, equipment, and operating procedures — a system which essentially is in effect today. The advantages of such a system are enumerated by Coon [1939, pp. 105-106]:

> "First, interchangeability of equipment units and parts throughout the system, resulting in a reduction of supplies of spare and repair parts to a minimum. Second, interchangeability of personnel, resulting in the possibility of rapid shifting of Bell employees and trained specialists to any part of the Bell System. Third, uniformity of national telephone service and the maintenance of a standard grade of telephone transmission in all parts of the country. Fourth, economy in manufacturing by Western Electric. Fifth, control over changes of types of equipment or displacement of older equipment by improved developments, thereby reducing the loss of plant investment in replacement of property."

The Associated or Operating Companies under this approach, therefore, were (are) left with no alternative but to accept and adopt decisions made by the parent corporation concerning equipment or method of operation.

The extent of Vail's success in consolidating his gains and extending the mantle of AT&T can be seen in the takeover of Western Union. From the insignificant upstart looking to the mighty Western Union to sell its existence for [illegible],000, the Bell Company had bloomed into a mighty industrial

giant capable of taking advantage of Western Union's financial difficulties and swallowing its telegraphic business whole. Again Vail showed his organizing genius, and from the start in 1911, began infusing new life into the telegraphic business. An example of this can be observed in his joining of the telegram to the telephone; introduction of the telegraphic day letter and night letter — adaptations which enhanced the value of both the telegraph and the telephone. An additional result of this combining of forces was that he was able to close down small telegraph offices and appreciably reduce operating expenses.

The entry of AT&T into the telegraph business through its acquisition of Western Union, improvements and innovations notwithstanding, was met with less than universal approbation. While the public might accept the theory of "natural monopoly" and destructive competition for two telephone companies servicing the same area, many could not accept the same justification for elimination of competition between the telephone and telegraph. The issue came to a head when on January 3, 1913, Attorney General George W. Wickersham stated that he believed certain acquisitions of AT&T were in violation of the Sherman anti-trust act. In this controversy Vail exhibited what had been missing in his predecessors — an appreciation of public relations. Instead of fighting the Justice Department, he decided to bow to [illegible] opinion. The result was the so-called "Kingsbury

Commitment," wherein N.C. Kingsbury, a vice president, agreed that the Company would not acquire either direct or indirect control over any competing company. Kingsbury also committed AT&T to divest itself of Western Union, and to connect its system with those of independents possessing compatible equipment. However, not ruled out were the acquisitions of companies which were not competing with Bell companies.

The successful courting of the American public was one of Vail's proudest achievements. He conducted a versatile but subtle campaign which hammered away at one central theme: the best possible service at the least possible cost consistent with financial security. As Coon [1939, p. 116] noted:

> "Public sympathy was cultivated and public criticism diminished in every possible manner. The Bell System employee, for example, is not only a worker, he is a public relations agent as well. A bank account of a Bell company is a chance to influence important citizens; lawyers are hired not merely to get the best available legal talent, but to establish valuable local contacts socially and politically. Advertising gains editorial sympathy and support. An order for supplies cements a friendship. The same principle is at work in the selection of directors, the placement of insurance, the employment of local representatives, and in the social activities of everybody connected with the system in any way whatever."

The dramatic nature of the Company's turnaround under Vail can be appreciated by a quick review of some financial indicators. The gross earnings of the Bell System rose from $128,579,800 in 1907 to $199,172,154 in 1912. The net earnings of AT&T were $32,062,945 in 1912; compared with earnings of $16,269,338 in 1907. Total assets of the Bell System expanded to $753,323,720 in 1910, from $452,716,100

in 1905. AT&T assets rose from $613,133,500 in 1907 to $924,260,818 in 1912; the bulk of this increase quite clearly occurring in the holdings by the parent corporation of stock in the Associated Companies. In the first decade of the century, these holdings jumped from $73,700,000 to $411,300,000.

When Vail died in 1920, he left behind a strong and prosperous organization which in many respects is unique even today. His impact on the Company is still visible some 50 years later, for the structure and many of the policies which govern the Bell System today are direct legacies of Theodore N. Vail. In commenting on his death, the New York Times referred to him as "the Napoleon of communications" (even though he was six feet two inches tall) and stated: "...he was the only man of his sort in the country's history who 'came back' without ever having 'gone back.'" The American Telephone and Telegraph Company of today, therefore, is in many respects a measure of this one man — and indeed it is a most significant measure.

2. Western Electric

Any review of the origins and growth of AT&T could hardly be complete without taking some notice of the very significant part played by Western Electric. The company today ranks among the nation's 500 largest industrial corporations, is the eighth largest in terms of personnel employed (over 203,000 employees), and the fourth largest in sales ($4.9 billion).

The company started inauspiciously enough in November 1869, in Cleveland, when three men formed a partnership to manufacture and repair telegraph instruments, and fire and burglar alarms. The new firm was called "Gray and Burton" after two of the partners, but in 1872, was reorganized as the Western Electric Manufacturing Company. Significantly, the "Gray" for whom the company was originally named was Elisha Gray — who was to figure later in Western Union's abortive attempt at entering the telephone business.

From 1877–1879, Western Electric manufactured telephones for Western Union. During this same time the Bell Company was purchasing its instruments from shops located in Boston, Baltimore, Cincinnati, and Indianapolis. The situation was not to the Bell Company's liking. Quality varied considerably, and since the shops were not dedicated primarily to Bell, delays in shipment were a frequent occurrence. Additionally, the quality of the Western Electric Manufacturing Company instruments was considered far superior to those provided by the Bell suppliers. Determined to correct this situation, Vail recognized a golden opportunity when the controversy with Western Union was settled. Therefore, in 1881 the Bell Company purchased a controlling interest in the company and reorganized it as the Western Electric Company. Later that year, Western Electric purchased the licenses of the four companies that had been manufacturing instruments for the Bell Company, thereby becoming the only firm licensed to manufacture

telephones for the Bell Company. Over the following years, Bell extended its majority control to 100% ownership of Western Electric stock.

The role of Western Electric in the Bell System was enlarged in 1901 to include that of supplier as well as manufacturer. During the early years, Western Electric continued to manufacture electrical appliances as well as telephone equipment, but in 1925 sold its other interests and dedicated itself completely to its Bell System role.

Various AT&T documents note that Western Electric provides three basic services for Bell System comapnies: Manufacturing, purchasing, and service. In its role as manufacturer it makes over 50,000 different items of communications equipment each year. The product line ranges from such standardized items as telephones and switches to custom-made articles such as switchboards and undersea cables. In 1969, Western Electric manufactured over nine million telephones.

In its capacity as supplier to the Bell System, Western Electric purchases more than $2.1 billion in goods and services each year. Purchases range from such mundane items as pencils and pads to telephone poles and sophisticated electronic equipment. According to AT&T statements, Bell System companies are under no obligation to purchase from Western Electric; they can deal with whatever manufacturer offers the most economical products. Critics of AT&T, however, scoff at the idea and utilize the record to support their contentions

that Western Electric exercises monopolistic control over 85% of the U.S. telephone equipment market. AT&T's counter-argument is that prices, availability, and the quality of products normally make it more advantageous for Bell companies to deal with Western Electric.

Services provided by Western Electric, as noted by AT&T, are:

a. Maintaining large stocks of equipment for quick shipment;

b. Repairing and restoring worn or damaged telephone equipment;

c. Maintaining large stocks of emergency supplies so that they will be available for restoring service in the event of storms, floods, fires or other emergencies; and

d. Installing central office switching equipment.

In light of heightened criticism over service deficiencies in urban areas such as New York, this latter service is assuming considerable significance. As of 1970, Western Electric maintained a mobile force of over 24,000 skilled technicians who travel all over the country installing central office equipment, as well as large switchboards leased to business and government, radio relay stations, and terminal equipment for undersea telephone cables.

Western Electric has five subsidiaries:

a. The Teledyne Corporation -- a company which manufactures and sells printing telegraph equipment.

b. Manufacturers Junction Railway Company - provides railway services, primarily for the Hawthorne Works of Western Electric.

c. Western Electric Company, Ltd. (London) - serves primarily as a patent organization in foreign countries.

d. Nassau Smelting & Refining Company, Inc. - reclaims and sells non-ferrous metals.

e. Sandia - a no-fee, non-profit organization established in 1949 to operate laboratories for the United States Atomic Energy Commission at Albuquerque, New Mexico, and Livermore, California.

The ties between Western Electric and the other members of the Bell System have been the subject of numerous attacks and investigations. One highly critical commentator (Goulden [1968, p. 144]) introduces the subject by drawing a tenuous analogy between the telephone and automotive industries:

> "Western Electric has exclusive sales rights to 85 percent of the multi-billion-dollar telphone market, the portion that is controlled by Bell. An analogy? By population, assign General Motors every auto manufacturing plant, dealership, repair shop, and service station in the United States except for New England. Everyone else in the auto industry could 'compete' there — Ford, Chrysler, American Motors, the foreign car importers, the dozens of oil companies."

Public attention was actually first focused on Western Electric in the Thirties when the newly-formed Federal Communities Commission conducted a lengthy investigation of AT&T. On April 1, 1938, a "Proposed Report" written by the commissioner in charge of the investigation, Paul A.

Walker, was made public and submitted to Congress. The final report was issued on June 14, 1939, and although less hostile in tenor, substantively agreed with Walker's preliminary report. With regard to Western Electric, Walker recommended that since the Company is such an integral part of the Bell System, it should be considered a public utility and regulated as such. He based this recommendation on the fact that Western Electric supplied nearly all the telephone equipment used by the Associated Companies (at prices he believed were too high), and the prices charged by Western were then figured as part of the rate base. Aside from a drop of over 31 points in the price of AT&T common stock and some heated rhetoric on both sides, nothing of a concrete nature resulted from the investigation. Sensitized to potential criticism for activities in non-communications fields, however, the Bell System — Western Electric specifically — adopted a policy of restricting itself to communications.

In 1949, the Justice Department filed an antitrust suit against AT&T and Western Electric. Its aim was to separate the Bell System's manufacturing from its operations and research functions. The action ended in a consent decree in 1956, limiting the Bell System to common carrier communications and government projects, but preserving the longstanding relationship between manufacturing, research, and operations. Although it might not appear so at first glance, most [illegible] watchers generally concur in the conclusion that the

consent decree represented a major victory for AT&T — it had the effect of legitimizing the role of Western Electric and precluding further antitrust action for years to come.

3. Bell Telephone Laboratories

The Bell Telephone Laboratories was incorporated in 1925 to perform the research function of the Bell System. Prior to this, research was performed by the Department of Development and Research of AT&T and Western Electric's Engineering Department. Research and Development, therefore, was consolidated under one roof, with AT&T and Western Electric each owning 50% of Bell Telephone Laboratories (BTL).

BTL currently operates at 18 locations in 10 states, and employs 16,400 people. Highly esteemed in scientific circles, BTL has obtained over 14,000 patents, and had two Nobel prizes awarded to its researchers — Davisson in 1937 for the codiscovery of electron diffraction and the wave properties of electrons, and Shockley, Bardeen and Brattain in 1956 for their investigations into semiconductors and for the discovery of the transistor effect. Other significant contributions from BTL include: the principle of negative feedback, radio astronomy, microwave radio systems, the solar battery, the laser, and early contributions to information theory.

Essentially, BTL has but two clients: its two stockholders. For AT&T it performs basic research in fields such as acoustics, chemistry, physics, and mathematics. It also conducts

specialized research for the parent corporation in such fields as electronics, radio, television, the electrical characteristics of materials, and in the design of such equipment as telephone transmitters and receivers, integrated circuits, and communication satellites.

Work for Western Electric can be separated into two different categories: systems engineering and specific design and development.

BTL's financing is described in corporate literature as being on a pay-as-you-go basis. AT&T pays BTL for the basic research, and Western Electric reimburses the Laboratories for the specific design and development work performed for it. The money paid by Western Electric is considered a part of that company's manufacturing overhead costs, while AT&T pays its share from income received from the Associated Companies.

4. Long Lines

The original AT&T, Long Lines is the interstate and overseas operating unit of the parent corporation. Officially a department of AT&T, Long Lines employs 33,600 personnel in 48 states and the District of Columbia. Its primary responsibilities include the building, operating and maintenance of the interstate network of circuits and other facilities within the U.S. which make nation and worldwide communications possible. Long Lines interconnects

the Bell System with some 2400 independent telephone companies, either directly or through the Associated Companies.

Briefly, long distance telephone calls are handled in the following manner. A call originates from a local exchange, which is routed to the nearest of the 2100 cities which function as toll centers. From the toll center, the call might be further routed to one of 210 special toll centers (switching points) which perform the function of connecting toll centers. From the final toll center in the loop, connection would then be made with the local exchange which is the destination of the call.

In addition to domestic long distance service, Long Lines also provides overseas service by means of ocean telephone cables, satellite, radiotelephone, and over-the-horizon radio. It also provides radiotelephone service to ships on the high seas, aircraft in flight, and trains. Significantly, Long Lines is involved in that part of the business for which explosive growth has been forecasted over the next 10 years: data transmission and private line services. (For further discussion see Business Week, "The Revolution in the Phone Business," November 6, 1971.)

Long Lines provides facilities for the Teletypwriter Exchange Service (TWX), private line services such as telephone, teletypewriter, data transmission, television and radio, as well as for management of the previously mentioned long distance network.

Long Lines is directed by a Vice President of AT&T, and has its headquarters and staff located in New York City. Administratively, it is divided geographically into six regions, each of which is responsible for Long Lines operations in its area. Although a department of AT&T, its financial accounts are kept separate from those of the parent corporation. Capital is obtained from AT&T, and profits generated through its operations immediately belong to AT&T. This arrangement is distinctly different from those governing relations with the Associated Companies, which pass on profits only when dividends are paid on stock.

5. Associated Companies

The Associated Companies build, own, and operate communications networks in their geographical operating areas. Figure 20 lists the various Associated Companies, and shows the percentage of capital stock in each company owned by AT&T. As can be seen, AT&T owns a minority interest in the Bell Telephone Company of Canada and two U.S. companies, a majority interest in five other companies, and 100% of the stock of all other companies on the list.

Although AT&T could legally appoint its own representatives to the boards of directors of the companies in which it holds a majority interest of capital stock, it has chosen not to — another Vail legacy. The board of directors of each company is composed of: 1) prominent businessmen, lawyers, academicians, bankers, etc., who live and have

FIGURE 20

AT&T ASSOCIATED COMPANIES

	% Capital Stocks Owned by AT&T
PRINCIPAL TELEPHONE SUBSIDIARIES	
New England Tel. & Tel Co.	69.5
New York Tel. Co.	100.0
New Jersey Bell Tel. Co.	100.0
Bell Tel. Co. of Pennsylvania	100.0
Diamond State Tel. Co.	100.0
Chesapeake & Potomac Tel. Co.	100.0
Chesapeake & Potomac Tel. Co. of Virginia	100.0
Chesapeake & Potomac Tel. Co. of Maryland	100.0
Chesapeake & Potomac Tel. Co. of West Va.	100.0
Southern Bell Tel. & Tel. Co.	100.0
South Central Bell Tel. Co.	100.0
Ohio Bell Tel. Co.	100.0
Michigan Bell Tel. Co.	100.0
Indiana Bell Tel. Co., Inc.	100.0
Wisconsin Tel. Co.	100.0
Illinois Bell Tel. Co.	99.3
Northwestern Bell Tel. Co.	100.0
Southwestern Bell Tel. Co.	100.0
Mountain States Tel. & Tel. Co.	86.8
Pacific Northwest Bell Tel. Co.	89.2
Pacific Tel. & Tel. Co.	89.7
Bell Tel. Co. of Nevada	(a)
OTHER COMPANIES	
Southern New England Tel. Co.	17.7
Cincinnati & Suburban Bell Tel. Co.	26.6
Bell Tel. Co. of Canada	2.1

(a) Wholly-owned subsidiary of Pacific Tel. & Tel. Co.

(Sources: AT&T [1968, p. 5-3] and N.Y. Tel. Co. [1970, p. 14]

interests in the area serviced by the company; 2) the president and a few key officers in the company; and 3) an officer of AT&T.

The autonomy of the Associated Companies is something which is mentioned frequently in corporate literature, and almost as frequently by critics of AT&T. In discussing this subject, for example, one corporate document [AT&T, 1968, p. 12-3] offers a 1911 quote from Vail:

> "...each Associated Company...will become an autonomous whole, and within the limits of general policy and authority, absolute on matters pertaining to or which affect only that territory."

The highly critical Goulden [1968], on the other hand, views Associated Company autonomy as a myth actively promoted by the parent corporation for regulation purposes and in a recent magazine article (Earth [Sept., 1971]) points to the $1.60 per share paid by New York Telephone to AT&T as proof of his allegation. His point was that the $1.60 dividend was $.23 per share more than the Company earned in 1970, and in light of the huge capital requirements of New York Telephone for new plant investment, payment of a dividend in excess of earnings constituted the worst form of skulduggery on the part of AT&T. Also, he maintains that it clearly shows that the parent corporation names the tune. While there may be validity to Goulden's claim, his example of the 1970 dividend can hardly be considered conclusive proof. Instances of companies paying dividends in excess of earnings for purposes of maintaining shareholder confidence

and, indirectly, for enhancing the terms of future equity-based capital issues are so commonplace, they are hardly worthy of mention. What may be evident here, however, is an illustration of how a macro view (what's good for AT&T is good for the Associated Companies) might differ from a micro view (what would be best for the Associated Company if it were completely independent, and not a part of the Bell System). Since AT&T advances necessary capital to New York Telephone, it would seem quite conceivable that the New York Telephone Board of Directors could independently decide upon a course of action espousing a macro viewpoint, The question of whether such a viewpoint benefits or penalizes New York Telephone subscribers is another issue — one which could be argued pro and con at great length.

The legal mechanism by which Associated Companies are bound to the parent corporation is the License Contract. Under terms of the contract the operating companies agree to pay one percent of their local and toll service revenues to AT&T. In return, AT&T agrees to:

a. Maintain arrangements whereby telephones and related equipment may be manufactured under patents owned or controlled by AT&T, and may be purchased by the Licensee at reasonable prices;

b. Prosecute research in telephony continuously, and make available to the Licensee the benefits derivsed therefrom;

c. Furnish advice and assistance with respect to virtually all phases of the Licensee's business.

[New York Telephone Co., 1970, p. 15]

As mentioned previously, in addition to the license fee AT&T derives income from dividends paid to the stock it holds in the Associated Companies. In fact, it is from the latter that the bulk of its revenues are generated. A final source of income for AT&T comes from interest payments made by the Associated Companies for the use of monies forwarded by the parent corporation for construction programs.

In summary, although each of the Associated Companies may be considered a separate business in its own right, strong ties exist between it and AT&T — particularly those which are majority or wholly owned by AT&T. Not unexpectedly, situations arise where one can legitimately question the degree of independence possessed by Associated Company officers.

Fortune magazine [February, 1965] once described the Bell System as a sort of Federalism. This is, perhaps, a useful analogy. As governors and state legislatures possess independence in many areas, on certain key issues they must yield to the Federal Government; subordinating their individual desires and, to an extent, their well-being to the interests of the entire nation.

Such an analogy, however, undoubtedly causes distortions — for after all is said and done, AT&T is not a government but a commercial enterprise in business to provide a service

at a profit. To ascribe other motivations or purposes would be patently unfair — both to the reader and to AT&T.

6. Issues of Current Concern to AT&T

Not surprisingly, the issues of current concern to AT&T are markedly similar to those of the nation — financial, sociological, and issues dealing with constantly increasing competition. The first two areas received considerable attention in AT&T's 1970 Annual Report, which noted:

a. Earnings per share dropped to $3.99 from $4.00 in 1969. This drop occurred in spite of an increase in revenues to $17.0 billions (8.1% increase) from $15.7 billions (11.2% increase) in 1969. The report cited construction expenditures in excess of $7.0 billions as the primary cause for the drain on profits.

b. The corporation's rate of return on invested capital dropped to 7.62% from 7.73% in 1969.

c. The average cost of debt for the Bell System in 1970 was 8.7%. In 1970 depreciation and retained earnings contributed less than half the capital needed to support construction programs. At the end of 1970 debt represented 44.9% of total Bell System capital (vs 36.4% in 1960), and it is estimated that by the end of the current year this figure will have risen beyond 48.0%.

d. Service in large cities had fallen to unacceptable levels because of insufficient capacity, aging equipment, and inexperienced work forces (over 30% of the work forces in large cities have less than two years' service with the Bell System). Large cities account for one quarter of corporate revenues and physical plant, yet employ one third of its million-plus employees. Some of the specific big city problems cited in the report were:

* A high proportion of the young people were ill-equipped by their education and background to meet the required performance standards.
* High employee turnover rates (the average tenure of an operator in New York City is less than seven months).
* Minority employees are centered in the cities and, as a group, have a more difficult time adjusting. AT&T employs over 135,000 minority group members — one out of every four employees hired over the past two years has been a minority group member.
* Unions represent over 700,000 Bell System employees, and the most militant union locals are centered in big cities.

Equally important, if not more significant from a long term point of view, to the above concerns are those dealing

with increased competition. There is little doubt that in the past few years the Federal Communications Commission has added a new dimension to the communications field — competition. What has brought this about have been FCC decisions on five critical issues.

Summarized in Business Week [Nov. 6, 1971, pp. 66-67], the decisions have:

a. Opened competition for communications devices — such as telephone sets, switchboards, and data communications terminals — that interconnect to the telephone network (the Carterfone decision). In the last 18 months, a new "interconnect" industry has been installing customer-owned telephone systems, mostly for business, at the rate of $80-million to $100-million worth per year.

b. Cleared the way for competing carriers in the private-line services field. The first link, that of Microwave Communications, Inc., is already operating between Chicago and St. Louis. Another, between New York and Washington, won FCC approval last month.

c. Suggested to Congress a master policy that would allow cable television to enter the "top 100" broadcasting markets with multiple-channel systems that must include two-way capability. The new policy would set guidelines for a whole new medium for distributing information and entertainment to homes, including pay TV and direct marketing and polling services.

d. Proposed that several satellite systems for domestic long-haul communications be allowed to compete with one another and with terrestial systems. Nearly a dozen existing carriers and newcomers have submitted applications.

e. Opened the way for a greater variety of data and computer services by relaxing some archaic regulations. It has eliminated old bans on switching messages in computers and attaching devices that make it possible to carry several signals on a single communications channel.

Most industry observers are in agreement that a new communications industry is emerging. This view is supported by the dozen-plus companies which have entered the lucrative communications equipment field. The prospect of a phone subscriber dropping-in on his neighborhood Sears Roebuck or Montgomery Ward store to purchase a new telephone appears to be an inevitable outgrowth of current events. To an extent, such a practice has already taken hold in the business sector of the telephone industry. An AT&T vice-president of market planning estimated that somewhere between 500-600 Private Automatic Branch Exchanges (PABX's) were installed last year by non-Bell System newcomers to the interconnect industry. As an absolute figure (less than $100 millions) this total is dwarfed by AT&T's $12-billion worth of equipment, valued at cost, installed on customer premises. However, in the most likely eventuality that this portends a future trend, it does spell trouble for the Bell System. Aside from an obvious loss in revenues to new competitors, AT&T faces a possible erosion of its rate base — the value of installed plant and phone equipment — which determines the profits which the System is permitted to earn.

Although U.S. corporate giants such as IBM, Xerox, and General Electric have thus far exhibited caution in joining the rush to compete with AT&T, estimates of an annual rate of investment in communications equipment exceeding $40-billion by 1980 -- equal the total value of equipment presently

in place — hold such allure, that their entry might not be far off. At present, foreign suppliers such as Hitachi, Nippon Electric, and Oki Electric of Japan and Siemens & Halske and Telenorm of Germany appear to have an edge over other newcomers to the U.S. communications equipment market.

In the competition for both terrestial and satellite transmission systems, the prognosis for the next decade contains potential pitfalls every bit as dramatic as those in the equipment field. MCI's historical victory opened-up the private-line communications market, and resulted in 45 applications for microwave relay routes being submitted to the FCC since 1969. In addition to these applications for "terrestrial" routes, the FCC also has pending before it some 11 applications for satellite systems.

All of these considerations seem to bode trouble for the venerable Bell System. Subjected in recent years to unprecedented criticism on the part of regulatory agencies and consumer groups, the Bell System has been portrayed in the media as being everything from a fumbling, bureaucratic group of incompetents to a devilishly insidious conspiracy intent on bilking dimes from the poor and needy.

Shaken from apparent somnolence by the virulence of the criticism it has received in recent years (not to mention the forementioned FCC decisions), AT&T has initiated a massive campaign to correct existing deficiencies. At the core of its current problems appears to be horribly inaccurate

planning which has resulted in inadequate plant capacity. In retrospect, it seems inconceivable that a sophisticated organization such as AT&T should miss the mark by the margin that it did. Certainly, the information that it had was reasonably accurate. With the wealth of experience possessed by its managers, one would expect that such a result would be practically impossible.

What then is the cause of AT&T's current dilemma? In truth, there probably are no simple answers to the question. For a brief number of years starting around 1958 the company seemed enamored of the idea that it might be a growth or a "performance" stock. With this flirtation appeared to come greater emphasis upon the "numbers" game — how does this decision or that decision affect <u>this year's</u> profit and loss statement? Indeed, a review of corporate literature and the public pronouncements of company officials in those days seems to lend some credence to the thesis that the company suffered from a case of myopia — emphasis on near term financial results to the detriment of the long term well-being of the company. (This is a view shared by a number of "old time" telephone men with whom the author has talked.)

While there may be some validity to this view, to attempt to use it to explain away all of the company's present difficulties would be simplistic. The answer undoubtedly is an amalgam of many elements — demands of the environment, a more hostile work force, aging equipment, increasingly

belligerent regulatory agencies, right on down to possible subtle changes in the personal value systems of managers and the operative goals of the organization. Perhaps a degree of complacency had set in and maintenance of the status quo had become all important.

Whatever the causes, it seems safe to say that more than an infusion of funds for capital expansion is needed. If, as many critics contend, the Bell System has grown fat and lazy during the past competition-free 50 years, and has opted for "safe" bureaucratic processes, the company is indeed in for stormy sailing. If, as Frederick Kappel is reputed to have said, it takes two years for the giant dragon to realize that its tail has been cut off, the commanding presence of AT&T in the American communications field might well be significantly diminished before the decade is out.

After studying the Bell System, and in particular New York Telephone, for the better part of a year, the researcher is disinclined to join the ranks of the prophets of gloom. The Bell System retains intact a solid foundation. It possesses a technological capability second to none, a plant investment valued at $55 billions, and an invaluable knowledge of the communications industry. As evidenced by the initial reluctance of U.S. corporate giants to enter the nascent interconnect industry, AT&T will prove a formidable adversary.

The outcome, however, is far from certain. It appears likely that the Bell System's fortunes might well be determined by the manner in which Bell System management and craft personnel react to the changes which are in the wind. If the changes are viewed as challenges, if valid criticisms are accepted in a positive spirit and spur Bell System employees to greater levels of achievement, staid old AT&T will be a force with which to be reckoned.

Currently employing over one million personnel, the movement within the Bell System aimed at accomplishing this end appears to be "the work itself." (See Ford [1969].) Influenced in large part by Frederick Herzberg, the researcher was unable to detect any signficant impact of the movement on the lower levels of the management hierarchy.

While such a movement has undeniable appeal, and in the long run should provide significant dividends, a return to more basic considerations appears to be the first order of priority. One such consideration might center about the "low" or "benign" profile which the Bell System has maintained over the years. The nickname "Ma Bell" probably conveys this thought as well as anything. While such a tactic might have been advisable in the past, it hardly seems an asset for the decade ahead. In light of the recent FCC decisions and the winds which are currently buffeting the System about, the time is probably right to take decisions which in the past would have been incompatible with the "Ma Bell" image. If good

service is to be stressed, the reason for it should be clearly understood — i.e., to strengthen the company's competitive position or to get the FCC or state regulatory agency to pass a needed rate increase, rather than some ill-defined altruistic notion such as public trust.

The Bell System undoubtedly suffers from an ailment common to most large organizations — organizational arteriosclerosis. To meet the challenge of the next decade it will have to maintain a vitality which permits it to anticipate and help shape change. It cannot be content to merely react to it. Innovation will have to be encouraged and traditional shibboleths viewed with suspicion. The Bell System has many advantages going for it as it enters this period of what promises to be fierce competition. It can prevail only if its personnel are up to the challenge, and this will probably necessitate changes in attitudes, in the ordering of the operative goals.

7. New York Telephone

New York Telephone is the largest of the Bell System Associated Companies, employing some 103,000 individuals and servicing about 11.5-million telephones. In 1970 salaries, wages and related costs exceeded $1.1-billion and construction expenditures approached $1-billion. At the end of 1970, total plant investment stood at approximately $6.5-billions. Approximately 60.1-million telephone calls originated within New York Telephone's area on each business day in 1970. Operating

revenues exceeded $2-billions and net income was over $168-millions.

As can be appreciated from the above figures, New York Telephone is a big business. With its bigness comes all of the problems one normally associates with large organizations. To gain an appreciation of the Company, its operation and its problems, we will first examine its organizational structure, current issues of concern, and its goals.

a. Organization.

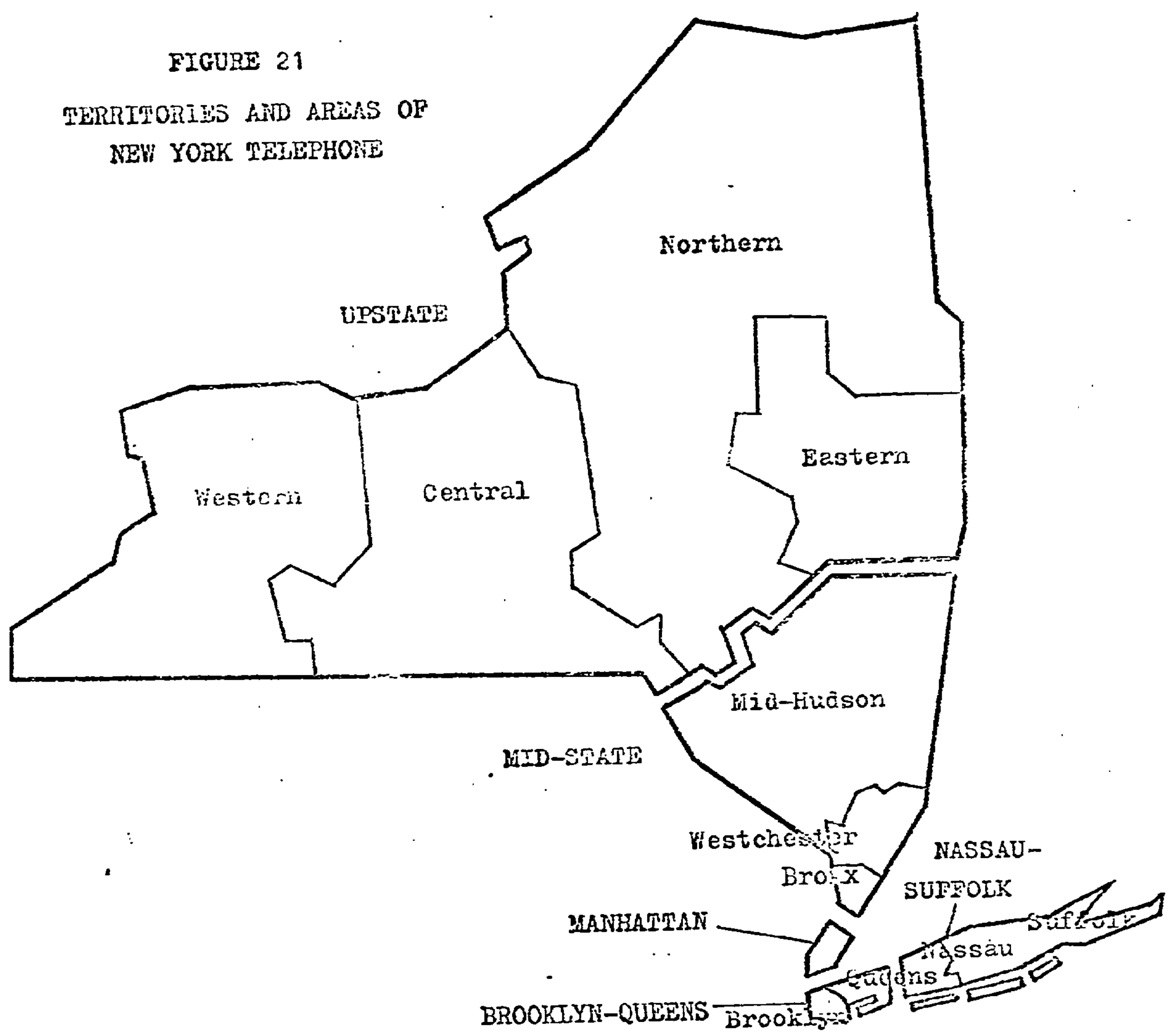
New York Telephone is divided into five Territories: 1) Manhattan; 2) Mid-State (includes Bronx, Westchester, and Mid-Hudson region); 3) Brooklyn-Queens; 4) Nassau-Suffolk; and 5) Upstate. (See Figure 21.)

With the exception of Manhattan, the Territories are divided into Areas, which in turn are further subdivided into departments, divisions, and districts. (Figure 22 presents a vertical view of the organization.)

Departments can be separated into two broad classifications: Operating Departments and General Departments. All Operating Departments are represented in each of the Territories. These are the "field units" which provide direct service and handle matters directly related to customer service. General Departments act in a staff capacity. These departments perform specialized functions which are handled more efficiently on a centralized basis.

FIGURE 21

TERRITORIES AND AREAS OF
NEW YORK TELEPHONE



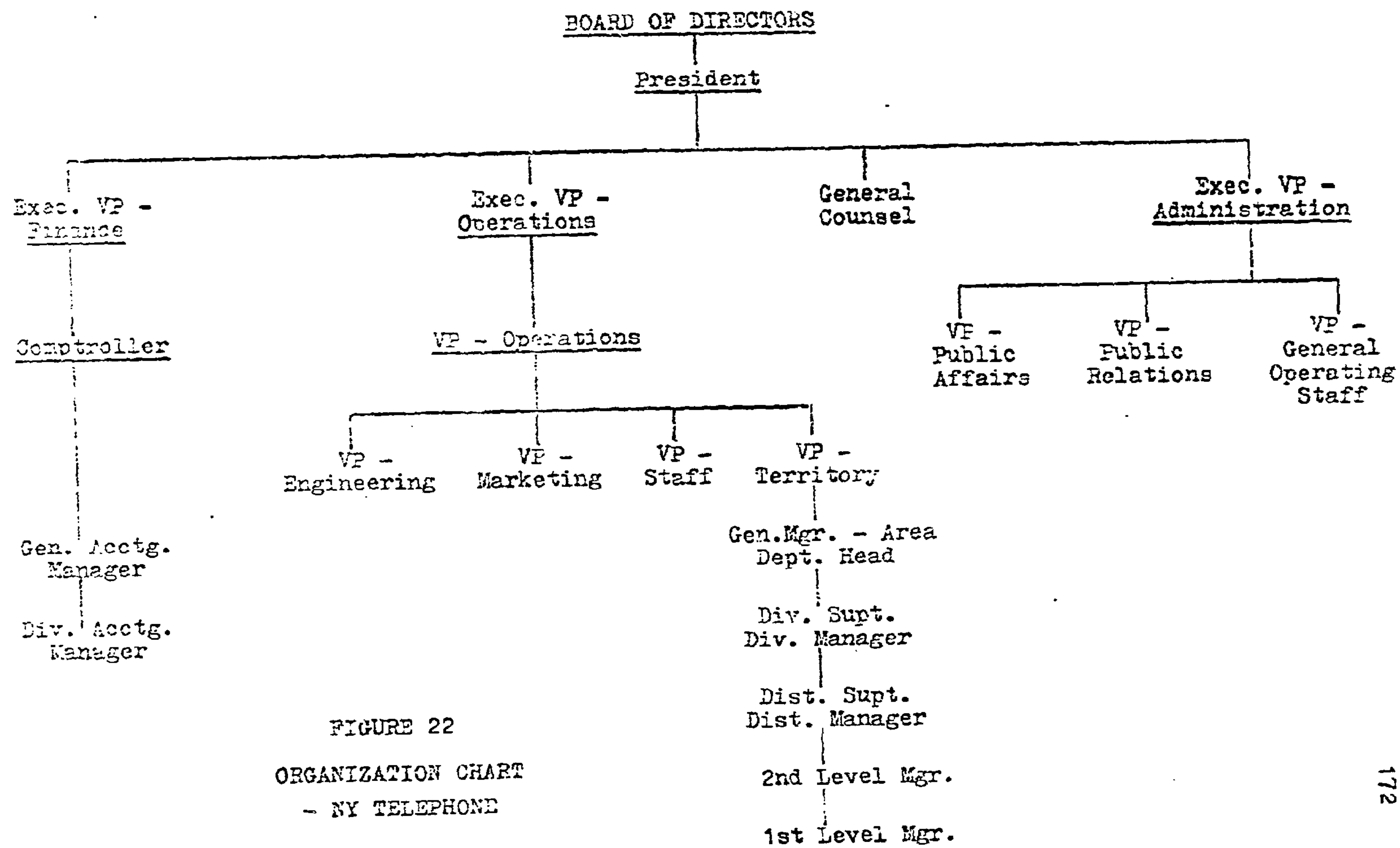


FIGURE 22

ORGANIZATION CHART

– NY TELEPHONE

The Operating Departments are:

(1) Accounting - prepares customers' bills and maintains complete records of customers' accounts; handles the payroll for all employees; prepares administrative financial reports; maintains records of all transactions; audits and authorizes payments.

(2) Commercial - handles contacts with customers relating to their service and bills; recommends equipment and services; issues orders for installing and changing equipment and services; collects bills; watches developments in its areas to plan for growth.

(3) Engineering - prepares long and short range plans for outside plant, buildings, central office equipment, and other communications facilities; designs, plans, and translates communications needs into equipment, and coordinates provision of such facilities; works on central office equipment, customer service, plant extension and data, and transmission.

(4) Plant - constructs, installs, maintains, and repairs all facilities used to provide service. Construction consists of placing poles, wires and cables; installation includes connection of telephones, switchboards, teletypewriters, and other equipment; maintenance and repair are those activities performed on all outside plant, equipment in central offices, and equipment located on customers' premises.

(5) Public Telephone - collects, counts, and deposits coin telephone receipts; operates offices that handle coin telephone matters; responsible for issuance of orders for changes in equipment and services; studies markets for public telephones; formulates promotional programs and operating practices; repairs and installs public and semi-public telephones and maintains booths in certain designated areas; is responsible for coin telephone security.

(6) Traffic - operates local, toll and special toll boards known as Traffic Service Positions; has fundamental responsibility for normal call completion; furnishes directory assistance and intercept service by which customers are given assistance in completing their calls; manages the administration of local dial equipment; assists in the management of local and toll networks to ensure satisfactory service.

Of the above Operating Departments, three constitute what would normally be considered the line functions of the Company. These three are Plant, Commercial, and Traffic.

The following comprise the General Departments:

(1) Accounting Staff -- works with other departments in developing company-wide departmental policies and practices, including basic training material; is responsible for financial and economic studies, and statistical information.

(2) Engineering Staff - responsible for company-wide planning and coordination of providing telephone equipment where and when it is needed; gives direction to the company's

overall engineering effort. There are four separate units within the Engineering Staff: (a) Planning - coordinates company-wide long range technical plans and operations research; (b) Trunk Facilities - engineers and administers the downstate trunking network (the major and heavily traveled paths between central offices), and studies and recommends ways of meeting the rising demand for circuits, carrier systems, trunks, and special service lines; (c) Buildings - responsible for the planning, design and construction of new buildings, related electrical and mechanical systems, and for real estate and corporate space needs; (d) Current Plans and Programs - coordinates the capital budget and reviews capital expenditures associated with specific jobs.

(3) Legal - represents company before the Public Service Commission and in court matters, advises company on matters of law, and responsible for dealing with taxing agencies.

(4) Marketing - studies customer requirements and markets for company services, formulates general marketing policies, handles market testing, and furnishes technical assistance in the marketing field. Included in the Marketing Department are two separate units: (a) Sales - studies, analyzes and evaluates communications requirements and recommends equipment needed to provide service to individual customers; (d) Directory - controls the yellow page business,

and is responsible for printing all daily and monthly lists of telephone numbers for the use of information operators.

(5) Operating Staff - helps to formulate operating policies; assists in planning and coordinating company-wide operations; processes and develops, in collaboration with other departments, new and improved methods and basic training material; helps to set company objectives; analyzes and shares with the line organization responsibility for solutions to operating problems; coordinates studies and contacts with Bell System and other companies; complies data and other operating information from which management decisions may be made.

(6) Personnel - responsible for hiring, placement, manpower data, preparation of training courses and management development programs; administers management salary and performance review plans and benefit plans for active and retired employees; operates craft and management assessment centers. Bargains with unions and is responsible for staff functions in all matters involving union-management relations. Writes personnel policies, provides medical services, directs company participation in urban affairs, and has staff responsibilities for Telephone Pioneer activities.

(7) Public Affairs - keeps legislators informed as to the company's views on issues that involve the company, its customers and employees. Provides the staff functions

designed to encourage company employees to take a greater interest in public affairs.

(8) Public Relations - handles advertising and general information for public news media regarding services and operating methods; works with field forces to develop and provide information to employees.

(9) Revenues - point of coordination within the company with regulatory bodies. Develops revenue requirements, rate plans, and revenue forecasts. Responsible for division of revenues with Bell System and New York independent telephone companies. Develops plant valuations and depreciation rates.

(10) Secretary & Treasury - comprised of three separate units: (a) the Secretary's unit handles all proceedings for Board of Directors' and Executive Committee meetings, and maintains corporate records; (b) the General Services unit is responsible for Records Management, for the Shareowner-Management Visit Program, and general services; and (c) the Treasury office receives and pays out company funds, handles company finances, and is responsible for company security issues.

b. Issues of Current Concern.

The issues of current concern to New York Telephone are mirror images of the concerns of the Bell System — perhaps more accentuated, and certainly (thanks to the various media) more visible.

A brief review of the 1970 Annual Report provides a concise listing of the more important of these concerns:

(1) The rate of return on invested capital dropped to 5.09% (vs a Bell System average rate of 7.62%) — a 21 year low and significantly below the 7.875% level considered by the Public Service Commission to be "at the lower end of the zone of reasonableness."

(2) The company had initiated the biggest service effort in the company's history — a billion dollar construction program for 1970 and an increase in manning to 103,000 employees (up from 93,000 in 1969). It is expected that this level of spending for construction will continue at the billion dollar per year throughout the next decade.

(3) Revenues increased at a rate of 10.5%, but operating expenses increased at a rate of 17.3%.

(4) Earnings per share fell to $1.33 from $1.65 in 1969 ($2.04 in 1968), and dividends remained at $1.60 — the amount paid to AT&T since 1964.

(5) Wages and salaries rose 21% to $1-billion (7% of the increase was due to higher wage and salary rates).

(6) Although Federal Income Taxes declined, state and local taxes continued their upward spiral — 14.4% and 11.2% respectively.

(7) The company continued to meet stiff resistance from the Public Service Commission in its attempts to increase rates.

(8) The public was more vocal in complaining about service deficiencies to the Public Service Commission. The latter reacted by conducting public hearings on service in New York City, Buffalo, Syracuse, Binghamton, Plattsburgh, and Albany. Newly formed consumer activist groups actively participated in the hearings.

(9) The company recognized the primary causes of service difficulties as being insufficient plant capacity, aging equipment, and an inexperienced work force (over 30% with less than two years service). The lack of experience in the work force was being aggravated by a trend whereby technical craftsmen, once trained, were leaving the company for other employment. This trend was most pronounced in urban areas such as New York City. For those individuals who remained with the company, many exercised their right of transferring into the suburbs once they had sufficient seniority.

(10) The company experienced a significant difference in the levels of capability of new hires in urban areas. Whereas in the past it drew primarily from middle class high school graduates, it now draws substantially from the "inner city" population. As a result, it has found it necessary to conduct remedial training in such subjects as reading and geography. Also, it has found that new employees experience more difficulty adjusting to a normal work routine than did their counterparts of ten years previous.

In summary, it can be seen that many of the pressing issues of the day for New York Telephone are the same problems vexing the nation. Their resolution is important not only to New York Telephone and the Bell System, but to the nation as a whole.

c. The Official Goals of New York Telephone — 1972

Twice a year the presidents of the various Bell System companies meet to review the current state of health of the Bell System, analyze current problems and trends, and establish goals for the coming year. After the presidents' meeting, the various presidents meet with officers of their respective companies, review what had been discussed at the previous meeting in terms of application to their own company, and develop specific goals for the year ahead.

From such a meeting in May 1971 a list of nine company goals for 1972 was developed for New York Telephone. The goals, listed in order of importance, were:

> (1) Service in New York City at medians for other major cities in the nation on appropriate service measurements by the end of 1972 - comparably good or better service elsewhere in the state with no wire centers or operating units poorer than the minimum standards of service.
>
> (2) Rate of Return and earnings per share as high as service objectives will permit with an improving trend.
>
> (3) Service - adequate construction expenditures that are conserved by improved engineering planning and operating supervision and which take into account the unrealized efficiency that past programs were expected to produce.

(4) Substantial progress in making the Company a place where both present and prospective employees want to work in the broadest sense: salaries, training, good supervision and leadership; equal opportunity employment and clear direction and assistance in advancement for any employee with the capability and desire, demonstrable by action at all levels.

(5) A public, employee and political relations policy that will re-establish confidence in the Company to provide fully for the communications needs of the state at rates which are accepted by our customers as indicative of the value of the service and which are properly compensatory to the Company.

(6) A re-designed corporate organization structure sufficiently flexible to recognize established organization principles, the size and complexity of the Company, the financial stringencies of at least the next several years and which will provide the pattern for the growth and change of the next decade.

(7) A direct and positive relationship with the PSC wherein the convergence of the best interests of Company, Commission and consumer are recognized and where the long term requirements of the Company and its customers are a constant factor.

(8) Improved definition of market niche, competitive strategy and capability and the initiation of administrative action to implement such definition.

(9) In all matters, a return to Bell System quality standards: good service, improving earnings, adequate planning and effective implementation.

The preceding goals clearly meet the requirements previously established for "official" goals of the organization. Promulgated by corporate officials, they are sufficiently vague in their wording, and totally inoffensive to individuals and groups both within and external to the company. A cross-check of corporate literature and public pronouncements of corporate officials revealed that the goals were

compatible with the general "official" course which had been charted for New York Telephone. The one new goal appeared to be number (6) — A re-designed corporate organization structure...

8. Summary

For the past 50-60 years the Bell System has functioned as and enjoyed the benefits of a "natural monopoly." Contrary to the claims of many of the Bell System's critics, there seems to be little hard evidence to support the contention that the company, in modern times, has acted with the arrogance and "public-be-damned" attitude one normally attributes to a monopolist. This is not to say, however, that corporate practices were followed which typified the firm facing competition. The company valued the monopolistic rewards and advantages of controlling 85% of the telephone industry in the United States and, while attempting to maintain a low profile, vigorously acted to preserve them.

Decisions taken by the Federal Communications Commission over the past five years, however, appear to have signalled a change in the nature of the industry. It seems fairly certain that the gates of competition have been cracked, and future developments will add impetus to their further opening. Such actions are, perhaps a sign of the times. Consumerism, activist groups of all shapes and varieties, and above all a dissatisfaction and impatience with the "establishment" — and to many, the Bell System epitomizes establishment.

Therefore, storm signals seem to be flying for AT&T. Added to the public antagonism which has surfaced and the unfavorable FCC decisions which undoubtedly reflect, at least partially, that antagonism, the company has also been beset by problems which plague the economy and the nation in general. The malaise of urban areas with their impatient and ill-equipped minority group members, activist unions with ever increasing demands, an explosion of technology, aging equipment, higher costs of capital and shrinking profit margins, and competition making inroads from all corners — these and many other familiar problems of the day shall have to be overcome by members of the Bell System.

The next 10-15 years should prove extremely challenging to AT&T. Whether or not it prevails will be determined in large measure on whether or not the organization has the vitality to rise to the challenges currently being experienced and those which should surface in the proximate future. The answer to this depends upon the perceptiveness and purposiveness of action of its leaders, as well as the dedication and capability of its management and craft personnel. Now more than ever before, New York Telephone and its partners in the Bell System will have to be sensitive to the winds of change, to potential strengths and weaknesses, they will have to be able to innovate, and be resolute in their action. To be all of this, they must know where they are actually going, must have a comprehensive understanding of their goals and the goals of all parts of their organizations.

CHAPTER IV

RESEARCH METHODOLOGY — THE FIELD STUDY

When the basic concepts underlying this research had been refined and a general plan of attack established, the researcher contacted the office of the Executive Vice-President - Operations of New York Telehpone, requested an appointment, and briefly conveyed the reason for the appointment. To attempt to "sell" the second ranking officer in the company on cooperating with a PhD student working on his dissertation was a calculated risk, especially at a time when the company was being subjected to a high level of criticism in the various media. The reasoning was, however, if you started at the top there were fewer chances of being turned down.

The meeting took place on 26 May 1971, and was highly successful from the researcher's point of view. Originally scheduled to last 10 minutes, the conversation lasted the better part of an hour. As fate would have it the Vice-President, Mr. William G. Sharwell, had departed a conference on corporate goals for New York Telephone for 1972 just prior to meeting with the researcher and was well versed on the importance and theory of goals. Also, having received a PhD in Finance from the Harvard Business School, he was quite familiar with what was involved with doctoral research.

When the meeting terminated it was agreed that the researcher would be permitted access to whatever information he might require, would be allowed to interview management personnel, and could distribute a questionnaire to management personnel who would form a representative sampling of the 27 thousand managers in the company.

As an active duty member of the U.S. Air Force, the researcher made no request of the company for financial support, nor was any offered. The only concession made to the company was a promise on the part of the researcher to provide a final report of his findings. Although everyone contacted throughout the duration of this study was aware that a potential existed for results which could be of embarrassment to the company, at no time was it suggested by anyone that this possibility should be avoided.

The cooperation received throughout the period of the study was excellent. Access was granted to whatever data was requested — even to the highly confidential personal records of individuals on the so-called "hard core list." The openness and warmth with which the researcher was received throughout the study could not fail but make the impression that this was an organization which had very little to hide.

1. Phase I

After receiving the approval of New York Telephone and researcher's examining committee, Phase I of the study

was initiated. Lasting approximately three months (June-August), this effort involved a detailed review of corporate literature, records, policies, and operating plans. In addition, a search was made of articles about the company and the Bell System in the various journals and magazines. This review was augmented by 372 separate interviews of managers at various levels and in different parts of the state. Notice of the researcher's existence was made known to the various Territory Vice-Presidents by Mr. Sharwell, and the territorial staffs in turn notified their supervisors in the field. A copy of such a notification is included in Appendix D.

From the effort in Phase I a list of operative goals was developed. The list was distilled from the literature review and the interviews, which were conducted in a non-directive manner. Since the goals were supposed to be equally meaningful to the high school graduate foreman as well as to the high level executive, some difficulty was experienced in phraseology, but this was overcome by "trying them out" on various managers and rephrasing them where necessary. The goals were then incorporated into the questionnaire which was part of the effort for Phase II.

2. Phase II

The end of Phase I dovetailed into the beginning of Phase II, and both were somewhat complicated on 14 July 1971 when the Communications Workers of American (CWA) went out

on strike against the Bell System. The strike ended for most of the half-million strikers on the 28th of July, but the New York locals refused to accept the national settlement. The contention of the New Yorkers was that since New York State was the most expensive state to live in, they deserved a higher settlement than the one offered.

The strike of the CWA craftsmen (primarily assigned to the Plant Department) did not have an immediate impact on the study. After the goals had been identified, a personal information section of the questionnaire was developed and the entire questionnaire shown to various managers in different parts of the State for comment. Some of the comments were incorporated into the questionnaire, and the final draft sent to the printers.

During the latter part of July and throughout most of August, the researcher spent a major portion of his time observing the daily operation of a Plant Installation and Repair District in Upstate New York. Although visits were made to various headquarters and discussions held with managers in other departments, the primary focus was on this one organizational element.

Unfortunately, by this time normal routine throughout the company had been thoroughly disrupted by the strike. When the strike first started, a large number of managers in other than Plant line positions reported to their strike locations and assumed duties normally performed by craft

personnel. After a few weeks, virtually all non-Plant managers were either sharing their time between normal duties and additional Plan .ties, or else were spending 100 percent of their time working in the Plant Department. A normal work routine was (and is at the time of this writing) working 13 out of 14 days, 12-14 hours per day. Needless to say, these conditions complicated the conduct of interviews and insured a lukewarm reception of the questionnaire when it was distributed for a pilot test in late August and early September. By the third week of September only 18 completed questionnaires had been returned (55 had been distributed), so a second complete mailing of questionnaires was made. (The cover letter for the second mailing is attached as Appendix E.) Over the following three weeks 15 additional questionnaires were received to bring the total of completed questionnaire to 33 (60%).

The period of October through December was spent in writing computer programs, perfecting data handling techniques, and praying for a resolution of the strike. Based upon experience with the pilot study, it was feared that as long as the strike continued the response to a statewide distribution of the questionnaire would not be strong enough for purposes of the research.

On several occasions during this time period, the researcher visited the New York Telephone area headquarters in the Bronx. During these visits acquaintances were made of several division

and district level managers who became interested in having the questionnaire distributed to their managers.

Thinking in terms of a few small scale distributions as an interim measure until the strike ended, an appointment was made with the Mid State Territory Vice-President, Mr. Robert M. Burke, to whom the Bronx Area reported. The meeting was held at the Mid State Territory Headquarters in White Plains on 21 December 1971. Mr. Burke generally understood the proposed research from conversations with Mr. Sharwell, but had a number of specific questions to ask the researcher. In a meeting that lasted approximately three hours the researcher explained the details of the research project and in turn questioned Mr. Burke about the operation of his Territory and problems or issues which were of current concern.

Throughout the meeting the researcher became increasingly aware that Mr. Burke's Territory presented a true microcosm of New York Telephone. Included in Mid State is a Borrough of New York City, the Bronx, with all the problems attendant with providing telephone service in a big city. Bordering the Bronx was Westchester County, suburbia in all respects; and north of Westchester were Rockland and portions of Albany County — a representative sampling of rural suburbia and rural farm areas. Therefore, when Mr. Burke asked just what it was that he could do, the response followed without hesitation: permit a full scale study of the Mid State Territory.

Aside from the fact that the Mid State Territory would provide a representative sampling of the entire company, several other reasons appeared to support concentration on Mid State rather than a State-wide sampling. First of all, the study seemed to have Mr. Burke's strong support, which was an important plus. Second, substantial interviewing had already been performed in the Mid State Territory, and follow-up interviewing after analysis of the data would be possible, where with the strike still in effect, it would have been impossible on a State-wide basis. In addition, the consensus of the labor relations personnel was that if the strike had not ended by Christmas, it would most likely continue until umemployment benefits expired (mid-April). This picture was further darkened by the 13 week extension of benefits by the Federal Government, which appeared to guarantee extension of the strike until mid-summer.

Upon hearing the request, Mr. Burke reflected upon it for a moment and then agreed. In discussing the details it was agreed that the researcher would rewrite the cover letter for the questionnaire (Appendix F) and the last page of the personal information section (Appendix G), and Mr. Burke would write a letter to accompany each questionnaire (Appendix H).

On 31 December 1971, 558 questionnaires were mailed to Mid State managers at their respective work locations. This figure represented approximately 25% of the managers assigned

to the Mid State Territory. With the exception of managers from one Plant and two Commercial Districts in the Bronx, the names were selected in a random manner from the rolls of management personnel. There are 2750 managers assigned to the Mid State Territory and approximately 15,000 non-salaried personnel.

Based on experience received during the pilot study, a follow-up letter requesting support of the respondents (Appendix I) was prepared and mailed on 11 January 1972.

3. Phase III and Phase IV

The analysis of the data, Phase III, while initiated for the pilot study data in November 1971, did not begin for the major distribution until 24 January 1972. Phase IV, the follow-up interviews and discussions with New York Telephone management personnel, lasted from 10 to 22 February 1972. These phases will be discussed at length later in the report.

4. Data Handling

Although complete anonymity was promised respondents, (a promise which was honored), it was necessary for some minor keying of questionnaires. This was accomplished by color coding of the "Third Class Mail" and return address stamps used to address the return envelopes provided with the questionnaire. Five different colored ink pads were used for this purpose. Each Area had its own unique color combination, and in cases where specific comparative analyses were desired,

divisions and districts within an area also were assigned unique color codes.

When completed questionnaires were received in the mail, they were individually logged-in according to Area, division, department, district, or a combination of these variables. After being logged-in, the data on each questionnaire was punched on to cards. Each questionnaire required seven cards. Each card started with a sequence number (1-7) and an indentification number which was unique to that questionnaire. The data for each value concept and goal was entered as a four digit number: the first digit reflecting importance (1-3) and the following three digits reflecting the rating given the three descriptors (pleasant, successful, and right). An entry of "2312", therefore, would indicate that the value or goal was considered of average importance, "successful" best described what the value/goal meant to the respondent, "right" was the next best descriptor, and "pleasant" least described what it meant to the respondent. Data from the Personal Information section were entered as simple integers.

After the cards had been punched, they were fed to the computer with the EDIT program which was written expressly for this study. The EDIT program performed the following functions: 1) it checked for cards which were out of sequence; 2) it checked for illegal values; 3) it totalled the score for the four question sequence on job satisfaction (maximum score = 28); 4) it converted the four digit entries

for each value concept and goal into one digit numbers reflecting positions in the 3x3 evaluation matrix (2312=5); 5) it computed the primary orientation of each respondent; and 6) it provided punched output for use as input to other programs.

Following the EDIT routine, the edited output from that program was used as input for two programs written by the researcher, SUMRY and ORCONV, and for SPSS (Statistical Package for the Social Sciences).

SUMY provided a tabulation of each value, goal and variable from the personal information section of the questionnaire. For each value concept and goal the printed output of this program provided two 3x3 matrices; one reflecting the total count of valuations of respondents in terms of which cell of the basic evaluation matrix they placed the value or goal, and one matrix reflecting percentages for the same information. Personal information data was also provided in terms of both total count and percentages.

ORCONV converted the output from EDIT into values consistent with the individual's primary orientations. For individuals with other than a mixed orientation the following values were assigned:

1 = a valuation of "high importance" <u>and</u> a ranking of "1" for the descriptor (pleasant, successful, or right) consistent with the individual's primary orientation;

2 = a valuation of "average" or "low importance" and a ranking of "1" for the descriptor consistent with the individual's primary orientation;

3 = a valuation of "high importance", <u>but</u> a descriptor <u>other</u> than the primary receiving a ranking of "1";

4 = a valuation of "average" or "low importance" and a descriptor other than the primary receiving a ranking of "1".

For those individuals with a mixed orientation a "5" was assigned to those values and goals which received a valuation of "high importance," and a "6" assigned to those receiving a valuation of "average" or "low importance." ORCONV also provided punched output for use as input to SPSS.

SPSS was utilized for classification, tabulation, and for the Chi Square analysis performed on the data. To accomplish these tasks the CODEBOOK and FASTABS routines of SPSS were used. These routines are explained in detail in the manual written by Nie, Bent, and Hull [1970] for SPSS users.

5. <u>Decision Rules</u>

At this point it might be well to review the decision rules which have been incorporated into the computer programs.

As has already been stated, the basic underlying assumption of this research rests upon Osgood's "semantic differential" — namely, that the meanings attached to a set of concepts by a manager yields a description of his personal value system which, in turn, indicates his propensity to behave in predictable ways. This propensity, once identified, is then used

to establish which goals of the organization possess behavioral relevance <u>for</u> <u>him</u>.

To identify this propensity for action the methodology of George England was adopted. England's methodology takes the direction of identifying the primary orientation of the individual manager. For purposes of this research, the primary orientation was established in the following manner:

a. Of the concepts assigned a rating of "high importance" in Part I of the questionnaire, the proportions were noted of those descriptors receiving a ranking of "1". This yielded the three conditional probabilities: the probability of responding pleasant given a valuation of high importance, $P(P/HI)$; the probability of responding successful given high importance, $P(S/HI)$; and the probability of responding right given high importance, $P(R/HI)$.

b. The largest of the above conditional probabilities was compared with its complement — e.g., compare $P(S/HI)$ with the probability of responding successful given <u>not</u> high importance, $P(S/\overline{HI})$.[1] If the former is larger than or equal to its complement, the descriptor would define the individual's primary orientation:

$$P(P/HI) \geq P(P/\overline{HI}) = \text{affect orientation}$$

$$P(S/HI) \geq P(S/\overline{HI}) = \text{pragmatic orientation}$$

$$P(R/HI) \geq P(R/\overline{HI}) = \text{moral-ethical orientation}$$

---

[1]It is recognized that the complement of $P(S/HI)$ normally would be considered to be $P(\overline{S}/HI)$; however, for ease of discussion we shall consider $P(S/\overline{HI})$ to be the complement.

c. In the event the complement is greater than the conditional probability, the individual's orientation is described as mixed. Those individuals found to have mixed orientations could not be included in the final measure of behavioral relevance (high importance and a ranking of "1" for the primary descriptor); however their importance valuations were noted and included in all tabulations of importance.

d. In the event of a tie between the largest conditional probabilities — e.g. P(S/HI) = P(R/HI), and both greater than their complements — the primary orientation was determined by the relative sizes of their complements. In such a situation, the conditional probability with the smallest complement would be declared to determine the primary orientation. A provision was also included for the rare event in which complements were also equal. Had such a situation occurred (which it did not), a pragmatic orientation would have been given precedence over the other two orientations, and the moral-ethical would have been given priority over the affect orientation. This latter decision rule had its basis in England's findings.

6. Chi Square Analysis

The Chi Square analysis used in this research tests the independence (lack of statistical association) between two variables. In the context of this study let us, for example, take entry "Present Department" from the personal information

section of the questionnaire and the goal "To provide the best service possible to the customers."

It would be of interest to establish whether any dependency relationship exists between the valuation of that goal and the department in which the respondents work. To do this we would test the hypothesis that the valuation of the goal is independent of the departments to which the respondents are assigned. The Chi Square contingency table test makes such an analysis.

Having determined before starting the research that a level of significance of 0.05 is desired, we can state that the null hypothesis (that the two variables are independent) will be rejected at the significance level of 0.05 or greater. It should be noted that no mention has been made of measuring degree of association. As Nie et al [1970, p. 275] observe, "...it only indicates the likelihood of having a distribution as different from statistical independence by chance alone as the observed distribution."

Chou [1969, p. 458] gives the formula for the testing statistic:

$$\chi_d^2 = \frac{\sum_{i=1}^{m} (o_i - e_i)^2}{e_i} ,$$

where

o_i = observed frequency of the i-th outcome and $\sum_{i=1}^{m} o_i = n$;

e_i = expected or postulated frequency of i-th outcome.

The expected frequencies used in this test are derived by using observed frequencies to form proportions. For example, the expected frequency for the first cell in the illustration above (the number of managers from the Commercial Department who ranked the goal as being of "high importance" and gave a ranking of "1" to their primary descriptor) would be deter ed in the following manner:

$$e_{11} = \frac{o_{.1}}{o_{..}} (o_{1.})$$

where

$o_{.1}$ = total number of respondents from Commercial Dept.

$o_{1.}$ = total number ranking the goal as operative

$o_{..}$ = total number of respondents

The degrees of freedom (d) for this test is equal to (r-1)(c-1), where r = number of rows in the table and c = number of columns in the table.

To make the most efficient utilization of the Chi Square analysis, caution has to be exercised to insure that there are sufficient numbers of observations in each frequency class; the alternative is possibly inflated Chi Square values caused by the division of squared differences by a small expected frequency. To avoid this pitfall the researcher used the outputs of CODEBOOK and SUMRY to examine distributions prior to performing the Chi Square independence tests. As a result, the RECODE feature of SPSS was utilized to regroup some variable classifications. One example of this was the job satisfaction

total for the pilot study. Scores on this four question block ranged from 10 to 27. For purposes of the Chi Square analysis, the scores were regrouped into an upper (25-27) and lower (10-19) quartile, and a mid-range (20.24). A similar regrouping was accomplished whenever it was warranted throughout the analysis portion of this study.

7. Summary

Because of difficulties encountered dur to a prolonged strike by the Communications Workers of America against New York Telephone Company, the focus of this study shifted from statewide to one of concentrating on a Territory which formed a microcosm of the statewide organization. The Mid State Territory has 2750 managers and approximately 15,000 non-salaried employees (vs 27,000 and 76,000 for the entire company), and provides telephone service to a borough of New York City, suburban Westchester and Rockland Counties, and rural areas outlying the suburbs. Its concerns are the concerns of the company.

Phase I of the study started in June 1971 and lasted through August 1971. Phase II started in August and ran through September 1971. Both phases were impacted by the strike, with the major difficilty encountered in conducting interviews. By the time the strike was four weeks old, the schedule of virtually every New York Telephone manager had been affected. The degree of impact ranged from partial to

total dislocation of work statior Under such conditions, post analysis interviews would ha been impossible to conduct on a statewide basis. This : an important consideration in the researcher's decision switch from a statewide focus to one of concentrating on t id State Territory.

Although Phase III, the analys data, was initiated for the pilot study (performed on an tate Plant District) in November 1971, the effort for the m . part of the study did not begin until January 1972. Phase IV, post-analysis interviews, lasted from 10 to 22 February 1971.

Three computer programs were written expressly for this research, and the CODEBOOK and FASTABS routines of SPSS were used for analysis of the data. A Chi Square test (0.05 level of significance) was used to test for independence between variables.

8. Appendices

a. Appendix D - Letter of Notification to Field Supervisors

b. Appendix E - Cover Letter for Second Mailing of Questionnaires

c. Appendix F - Revised Cover Letter for Questionnaire

d. Appendix G - Revision to Questionnaire

e. Appendix H - Letter from Mid State Vice-President

f. Appendix I - Follow-up Letter for Main Distribution

CHAPTER V

ANALYSIS OF DATA

In this chapter the data received through the questionnaires will be discussed in detail. We will first examine the results of the overall distribution of questionnaires, and will follow that up with an examination of the findings dealing with organizational sub-elements selected for comparative analyses.

1. The Sample

Of the 611 questionnaires distributed, 360 (58%) were returned with useable data. Figure 23 presents a summary of the totals on the personal and organizational variables contained in Part III of the questionnaire.

The sample is believed to be reasonably representative of the overall composition of New York Telephone management. The relatively heavy response from the Plant Department (60%) came as somewhat of a surprise, since the work schedules of these managers were severely strained by the strike. The 32.5% composition of female managers is slightly less than their actual representation; however, the difference is attributed to the fact that female managers are primarily assigned to the Traffic and Commercial Departments and the random selection process employed for this study considered department as well as position number.

FIGURE 23

SAMPLE SUMMARY

Variable	Frequency	Percent
Years With Company		
0-2 years	10	2.8
3-5 years	9	2.5
6-10 years	32	8.9
11-15 years	43	11.9
16-20 years	73	20.3
21-30 years	152	42.2
Over 30 years	40	11.1
Not Answered	1	0.3
	360	100.0
Total Time As A Manager		
0-2 years	88	24.4
3-5 years	65	18.1
6-10 years	69	19.2
11-15 years	59	16.4
16-20 years	54	15.0
21-30 years	17	4.7
Over 30 years	3	0.8
Not Answered	5	1.4
	360	100.0
Age		
Under 26 years	7	1.9
26-30 years	24	6.7
31-34 years	21	5.8
35-39 years	54	15.0
40-44 years	94	26.1
45-49 years	71	19.7
50-54 years	52	14.4
55-59 years	20	5.6
Over 59 years	16	4.4
Not Answered	1	0.3
	360	100.0
Sex		
Male	242	67.4
Female	117	32.5
Not Answered	1	0.3
	360	100.0

FIGURE 23 (cont'd)

Variable	Frequency	Percent
Level of Formal Education		
Grade School	3	0.8
Some High School	24	6.7
High School	164	45.6
Some College	96	26.7
College Degree	38	10.6
Some Graduate Work	26	7.2
MBA	4	1.1
MS	1	0.3
Masters - Other	2	0.6
Work Beyond Masters	1	0.3
Not Answered	1	0.3
	360	100.0
College Major		
Social Sciences	2	0.6
Liberal Arts	41	11.4
Business Administration	37	10.3
Engineering	38	10.6
Science	10	2.8
Math	4	1.1
Other	8	2.2
Not Applicable/Answered	220	61.1
	360	100.0
Yearly Income		
Under $11,999	59	16.4
$12,000-14,999	85	23.6
$15,000-19,999	109	30.3
$20,000-24,999	70	19.4
$20,000-29,999	24	6.7
$30,000-34,999	5	1.4
$35,000-39,999	5	1.4
$40,000-49,999	1	0.3
Not Answered	2	0.6
	360	100.0
Own AT&T Stock		
Yes	289	80.3
No	70	19.4
Not Answered	1	0.3
	360	100.0

FIGURE 23 (cont'd)

Variable	Frequency	Percent
Job Satisfaction		
Range on the total score for the four questions: 10-27		
Lower 25%: 10-19		
Mid 50%: 20-22		
Upper 25%: 23-27		
Not Answered: 1		
Present Department		
Commercial	69	19.2
Plant	170	47.2
Traffic	82	22.8
Buildings and Supplies	3	0.8
Engineering	11	3.1
Public Telephones	2	0.6
Sales	5	1.4
Directory	1	0.3
Operating Staff	4	1.1
Personnel	6	1.7
Public Relations	2	0.6
Other	4	1.1
Not Answered	1	0.3
	360	100.0
Previous Work in Plant, Commercial, or Traffic		
Commercial	13	3.6
Plant	49	13.6
Commercial and Plant	15	4.2
Traffic	19	5.3
Plant and Traffic	9	2.5
Commercial, Plant and Traffic	18	5.0
No prior assignments to these Depts.	237	65.8
	360	100.0
Previous Work in Departments other then Plant, Commercial & Traffic		
No other departments	209	58.1
1 other department	89	24.7
2 other departments	47	13.1
3 other departments	10	2.8
4 other departments	5	1.4
	360	100.0

FIGURE 23 (cont'd)

Variables	Frequency	Percent
Line, Staff, or Combination of the Two		
Line Management	290	80.6
Staff Management	42	11.7
Combination Line/Staff	24	6.7
Not Answered	4	1.1
	360	100.0
Time in Present Position		
Under 1 year	54	15.0
1-3 years	190	52.8
4-5 years	45	12.5
6-10 years	48	13.3
Over 10 years	22	6.1
Not Answered	1	0.3
	360	100.0
Salary Grade		
First Level	202	56.1
Second Level	99	27.5
District Level	43	11.9
Division Level	12	3.3
General Manager/Department Head	2	0.6
Not Answered	2	0.6
	360	100.0
Area to Which Assigned		
Bronx	139	38.6
Westchester	74	20.6
Mid Hudson	87	24.2
Upstate	34	9.4
Mid State Headquarters	25	6.9
Other	1	0.3
	360	100.0
IMDP Graduate		
Yes	19	5.3
No	340	94.4
Not Answered	1	0.3
	360	100.0

FIGURE 23 (cont'd)

Variables	Frequency	Percent
Number of Employees Directly Supervised		
0-5	120	33.3
6-10	163	45.3
11-15	31	8.6
16-19	8	2.2
20 & Over	38	10.6
	360	100.0
Number of Employees Under Overall Supervision		
0-9	123	34.2
10-24	58	16.1
25-49	47	13.1
50-99	41	11.4
100-299	57	15.8
300-499	14	3.9
500-999	12	3.3
1000-2499	5	1.4
Not Answered	3	0.8

2. Main Study - Values

The values portion of the main study presented the researcher with a surprise from the start. Contrary to England's [1967a] findings and the researcher's Hypothesis 1, NY Telephone management personnel participating in this study turned out to have a pronounced Moral-Ethical primary orientation. The results were:

Moral-Ethical - 165 (45.8%)

Pragmatic - 84 (23.3%)

Affect - 7 (1.9%)

Mixed - 104 (28.9%)

Figure 24 presents a ranking of the 66 value concepts according to agreement with each individual's primary orientation. In examining Figure 24 it would be helpful to keep in mind that the numbers in the columns increase in importance as one goes from left to right. The most important figure for a concept is in the third column, "% High Importance and Primary Descriptor Ranked First." This number represents the percentage of respondents who have valuated the concept as being of high importance and have placed a "1" next to the descriptor which is consistent with their primary orientation. In cases where concepts had identical percentages in column 3, the percentage in column 2 was used as the tie-breaker. If those percentages were also the same, the percentage in column 1 determined precedence. Included in column 2 were adopted as well as motive values, while column 1 contained intended,

FIGURE 24

VALUE RANKING

Values	% HI	% PD RANKED 1st	% HI AND PD RANKED 1st
1. My Company	70	48	45
2. My Subordinates	69	48	45
3. Trust	90	46	45
4. Honor	87	46	45
5. Organizational Efficiency	82	46	43
6. Customers	82	45	43
7. Employees	77	47	42
8. Loyalty	82	46	42
9. Employee Welfare	71	46	40
10. High Productivity	70	46	39
11. Me	70	46	37
12. Managers	48	43	37
13. Cooperation	76	40	37
14. Job Satisfaction	90	36	36
15. Technical Employees	56	45	35
16. Dignity	66	40	35
17. Organizational Stability	61	41	33
18. Government	56	42	31
19. Ambition	68	36	31
20. Achievement	75	34	31
21. Craftsmen	66	40	30
22. My Co-Workers	62	34	30
23. Authority	46	45	29
24. Competition	51	40	29
25. Organizational Growth	53	39	29
26. Industry Leadership	58	37	29
27. Security	62	35	29
28. Equality	46	43	28
29. Stockholders	44	43	28
30. Ability	68	36	28
31. Skill	58	40	27
32. Profit Maximization	51	40	27
33. Religion	46	40	27
34. Property	44	40	25
35. Rational	43	40	25
36. Laborers	31	39	23
37. My Boss	62	37	23
38. Owners	37	37	23
39. Compassion	40	36	23
40. Individuality	53	33	23
41. Obedience	34	39	21
42. Blue Collar Workers	32	39	21

FIGURE 24 (cont'd)

Values	% HI	RANKED 1st	% HI AND PD RANKED 1st
43. White Collar Workers	32	38	21
44. Success	61	25	20
45. Tolerance	40	35	18
46. Caution	28	38	16
47. Money	40	26	16
48. Change	26	36	15
49. Social Welfare	20	30	12
50. Conservatism	19	34	11
51. Labor Unions	18	34	11
52. Autonomy	20	27	11
53. Creativity	41	18	11
54. Prestige	22	18	10
55. Risk	16	33	9
56. Emotions	28	26	9
57. Compromise	16	32	8
58. Aggressiveness	16	28	8
59. Force	14	21	8
60. Influence	14	22	7
61. Prejudice	14	21	6
62. Leisure	23	13	6
63. Conformity	24	23	5
64. Conflict	10	30	4
65. Power	6	19	4
66. Liberalism	6	24	3

motive values, and high importance rankings of those with mixed orientations.

There appeared to be remarkable consistency in the overall ranking of the value concepts between the pilot and main studies. In comparing the results of the pilot study with the overall results, 18 of the top 20 concepts were identical, and the percentages in column 3 varied only slightly. Statistical differences, however, were encountered in the Chi Square analysis. Of the 1320 possibilities (20 variables, 66 value concepts), 148 statistical differences were observed at the 0.05 level of significance.

Statistically significant were:

Value Concept 1: Ambition

a. By Primary Orientation — Pragmatic orientations seem to consider this concept more important, Moral-Ethical give it the lowest rating of the three. (Highly significant at 0.0000)

b. By Sex — female managers seem to value this concept more highly. (Highly significant at 0.0044)

c. By Job Satisfaction — the upper quartile seem to value this concept more highly. (Significant at 0.01)

Value Concept 2: Ability

a. By Primary Orientation — Pragmatic orientations seem to value this concept more highly, Affect give it the lowest rating. (Highly significant at 0.0000)

b. By AT&T Stock Ownership — non-stockholders seem to value this concept more highly. (Significant at 0.047)

Value Concept 3: Obedience

a. By Primary Orientation — Moral-Ethical orientations seem to consider this concept more important, both Affect and Pragmatic give it a low rating. (Highly significant at 0.0000)

b. By Job Satisfaction — the middle 50% seem to place less importance on this concept. (Significant at 0.049)

Value Concept 4: Trust

a. By Primary Orientation — Moral-Ethical orientations seem to consider this concept highly important, Pragmatic consider it to be of low importance. (Highly significant at 0.000)

b. By AT&T Stock Ownership — stockholders appear to value this concept more highly. (Significant at 0.048)

c. By Years With the Company — managers with less than two years with the company seem to place less importance on this concept. (Significant at 0.048)

d. By Level of Formal Education — managers with graduate degrees seem to value this concept less. (Significant at 0.05)

Value Concept 5: Aggressiveness

a. By Primary Orientation — Pragmatic orientations

seem to value this concept more highly, Affect give it the lowest rating (none have it as a motive value). (Highly significant at 0.0000)

b. By <u>Salary Grade</u> — 1st level managers hold this concept to be of low relevance. (Highly significant at 0.0009)

c. By <u>Time in Present Position</u> — managers with over three years in their present positions seem to consider this concept of less importance. (Significant at 0.02)

Value Concept 6: Loyalty

a. By <u>Primary Orientation</u> — Moral-Ethical orientations seem to consider this concept highly important. Pragmatic give it the lowest rating. (Highly significant at 0.0000)

b. By <u>Sex</u> — female managers seem to value this concept more highly. (Highly significant at 0.006)

c. By <u>Salary Grade</u> — District level seem to consider this concept to be of lower importance. (Significant at 0.010)

Value Concept 7: Prejudice

a. By <u>Sex</u> — female managers seem to assign higher importance to this concept. (Highly significant at 0.0027)

b. By <u>Total Time as a Manager</u> — managers with under two years and those with over 30 seem to place less importance on this concept. (Highly significant at 0.0028)

c. By Primary Orientation — Affect orientations seem to consider this concept to be of very low importance. (Highly significant at 0.0084)

d. By Time in Present Position — managers with less than one year in their present positions seem to consider this concept as being of less importance. (Highly significant at 0.009)

Value Concept 8: Compassion

a. By Primary Orientation — Pragmatic orientations seem to consider this concept of low importance, both Affect and Moral-Ethical seem to consider it importance. (Highly significant at 0.0000)

b. By Sex — males seem to consider this concept to be of less importance. (Highly significant at 0.0002)

Value Concept 9: Skill

a. By Primary Orientation — Moral-Ethical orientations seem to consider this concept as being of less importance, Pragmatic give it the highest rating. (Highly significant at 0.0000)

b. By Previous Work in Other Departments — managers who have worked in two other departments seem to consider this concept of higher importance. (Significant at 0.026)

Value Concept 10: Cooperation

a. By Years With the Company — managers with 11-15

years with the company seem to place less importance on this concept. (Significant at 0.013)

Value Concept 11: Tolerance

a. By Primary Orientation — Moral-Ethical orientations seem to place more importance on this concept. (Highly significant at 0.0000)

b. By Sex — males seem to place less importance on this concept. (Significant at 0.014)

Value Concept 12: Conformity

a. By Sex — male managers seem to consider this concept less important. (Highly significant at 0.002)

b. By College Major — all managers with college education seem to place low importance on this concept, with Science majors placing the highest proportion in the "low relevance" category. (Significant at 0.047)

Value Concept 13: Honor

a. By Primary Orientation — Moral-Ethical orientations seem to give this concept a very high rating, Affect also seem to consider it to be of high importance, but Pragmatic assign it a low rating. (Highly significant at 0.0000)

b. By AT&T Stock Ownership — stockholders seem to value this concept more highly. (Significant at 0.022)

Value Concept 14: Leisure

a. By Job Satisfaction — managers with high job

satisfaction (upper quartile) seem to place less importance on this concept. (Highly significant at 0.0092)

b. By Primary Orientation — Pragmatic orientations seem to consider this concept less important. (Significant at 0.044)

Value Concept 15: Dignity

a. By Primary Orientation — Pragmatic orientations seem to consider this concept of less importance, both Affect and Moral-Ethical rate as being of high importance. (Highly significant at 0.0000)

b. By Sex — female managers seem to place more importance on this concept. (Significant at 0.048)

Value Concept 16: Achievement

a. By Primary Orientation — Pragmatic orientations seem to place more importance on this concept, Moral-Ethical place least importance of the three on it. (Highly signigicant at 0.0000)

b. By Job Satisfaction — managers in the upper quartile seem to place more importance on this concept. (Highly significant at 0.0014)

Value Concept 17: Autonomy

a. By Level of Formal Education — less educated managers seem to place more importance on this concept. (Highly significant at 0.0000)

Value Concept 18: Money

a. By Primary Orientation — Moral-Ethical orientations appear to place less importance on this concept. (Highly significant at 0.0014)

Value Concept 19: Individuality

(No statistically significant differences exist.)

Value Concept 20: Job Satisfaction

a. By Sex — female managers seem to place more importance on this concept. (Significant at 0.028)

Value Concept 21: Influence

a. By Primary Orientation — Affect orientations seem to place less importance on this concept. (Highly significant at 0.0000)

b. By Level of Formal Education — less educated managers seem to consider this concept of less importance. (Highly significant at 0.0000)

c. By Years With the Company — managers with 6-10 years seem to place more importance on this concept. (Significant at 0.042)

Value Concept 24: Creativity

a. By Primary Orientation — Moral-Ethical orientations appear to place less importance on this concept. (Highly significant at 0.0000)

b. By AT&T Stock Ownership — stockholders seem to place less importance on this concept. (Highly significant at 0.0069)

Value Concept 25: Success

a. By Primary Orientation — Affect orientations seem to consider this concept very important, Moral-Ethical give it the lowest rating of the three. (Highly significant at 0.0000)

b. By Sex — males seem to place less importance on this concept. (Significant at 0.029)

Value Concept 26: Prestige

a. By Primary Orientation — Affect orientations seem to consider this concept more important, Moral-Ethical give it the lowest rating. (Highly significant at 0.0009)

b. By Sex — males seem to place less importance on this concept. (Significant at 0.016)

Value Concept 27: High Productivity

(No significant differences exist for this concept.)

Value Concept 28: Industry Leadership

a. By Previous Work in Other Departments — managers who have worked in one or two other departments seem to place more importance on this concept. (Significant at 0.025)

b. By Primary Orientation — Pragmatic orientations appear to consider this concept to be of high importance, Moral-Ethical give it the lowest rating. (Significant at 0.03)

c. By Line, Staff, or a Combination of Both — staff managers seem to value this concept more highly. (Significant at 0.034)

Value Concept 29: Employee Welfare

a. By Primary Orientation — Pragmatic orientations seem to consider this concept of lower importance, both Affect and Moral-Ethical consider it to be of high importance. (Highly significant at 0.0000)

b. By AT&T Stock Ownership — non-stockholders seem to consider this concept more important. (Highly significant at 0.0067)

c. By Sex — females seem to consider this concept to be of higher importance. (Highly significant at 0.0097)

d. By Salary Grade — 1st level managers seem to place more importance on this concept. (Significant at 0.017)

e. By Yearly Income — managers earning under $12,000 per year seem to place more importance on this concept. (Significant at 0.05)

Value Concept 30: Organizational Stability

a. By Salary Grade — the higher the level of the manager,

the less importance he seems to attach to this concept. (Highly significant at 0.0006)

b. By Sex — females seem to value this concept more highly. (Highly significant at 0.0029)

c. By Age — managers over 50 years of age seem to value this concept more highly. (Highly significant at 0.0036)

d. By Level of Formal Education — managers with less formal education seem to value this concept more highly. (Significant at 0.027)

e. By Total Time as a Manager — individuals with 11-15 years as managers seem to place less importance on this concept, those with over 20 years' experience seem to value it highest. (Significant at 0.032)

f. By Years With the Company — managers who have been with the company for less than two years seem to place the lowest importance on this concept, while those with over 30 years' longevity give it the highest rating. (Significant at 0.039)

g. By AT&T Stock Ownership — stockholders seem to value this concept more highly. (Significant at 0.048)

Value Concept 31: Profit Maximization

a. By Primary Orientation — Pragmatic orientations assign this concept the highest rating, Affect give it the lowest score. (Highly significant at 0.0005)

b. By Job Satisfaction — managers in the mid-50% range seem to place less importance on this concept. (Highly significant at 0.0076)

Value Concept 32: Organizational Efficiency

a. By Primary Orientation — Pragmatic orientations seem to place highest importance on this concept, Affect give it the lowest rating of the three. (Highly significant at 0.0034)

Value Concept 33: Social Welfare

a. By Primary Orientation — Pragmatic orientations seem to place low importance on this concept, Moral-Ethical give it the highest rating of the three. (Highly significant at 0.0007)

b. By Sex — male managers seem to consider this concept of lower importance. (Highly significant at 0.0023)

c. By Job Satisfaction — managers in the upper quartile of job satisfaction scores seem to place more importance on this concept. (Significant at 0.011)

d. By Yearly Income — managers earning over $12,000 per year seem to place less importance on this concept. (Significant at 0.044)

Value Concept 34: Organizational Growth

a. By Primary Orientation — Pragmatic orientations seem to place the highest importance on this concept, Affect give it the lowest rating. (Highly significant at 0.0000)

b. By <u>AT&T Stock Ownership</u> — stockholders seem to value this concept more highly. (Highly significant at 0.0002)

Value Concept 35: Employees

a. By <u>Job Satisfaction</u> — managers in the mid-50% range seem to place more importance on this concept. (Significant at 0.016)

b. By <u>Level of Formal Education</u> — managers with MBA's and grade school educations seem to place less importance on this concept. (Significant at 0.025)

c. By <u>Previous Work in Other Departments</u> — managers who have worked in fewer other departments seem to place more importance on this concept. (Significant at 0.05)

Value Concept 36: Customers

a. By <u>Level of Formal Education</u> — managers with college degrees seem to place less importance on this concept. (Highly significant at 0.0024)

b. By <u>Job Satisfaction</u> — managers in the upper quartile of job satisfaction scores seem to place more importance on this concept. (Highly significant at 0.0036)

Value Concept 37: My Co-Workers

a. By <u>Sex</u> -- females seem to place more importance on this concept. (Highly significant at 0.0079)

b. By Level of Formal Education — managers who have "some graduate work" and higher seem to place less importance on this concept. (Significant at 0.014)

c. By AT&T Stock Ownership — non-stockholders seem to place less importance on this concept. (Significant at 0.033)

d. By Total Time as a Manager — individuals with 16-20 years as managers seem to place more importance on this concept. (Significant at 0.05)

Value Concept 38: Craftsmen

(No significant differences exist for this concept.)

Value Concept 39: My Boss

a. By Sex — female managers seem to place higher importance on this concept. (Significant at 0.026)

Value Concept 40: Managers

a. By Primary Orientation — Pragmatic orientations seem to place higher importance on this concept. (Significant at 0.038)

Value Concept 41: Owners

a. By Previous Work in Other Departments — managers who have worked in fewer other departments seem to value this concept more highly. (Significant at 0.016)

b. By <u>Age</u> — managers under 26 years and those over 50 years seem to place less importance on this concept. (Significant at 0.044)

c. By <u>Sex</u> — female managers seem to consider this concept of less importance. (Significant at 0.046)

Value Concept 42: My Subordinates

(No differences exist for this concept.)

Value Concept 43: Laborers

a. By <u>Sex</u> — males seem to place less importance on this concept. (Significant at 0.03)

Value Concept 44: My Company

a. By <u>Primary Orientation</u> — Affect orientations seem to place highest importance on this concept, Moral-Ethical assign it the lowest ranking of the three. (Highly significant at 0.0008)

b. By <u>Sex</u> — females seem to consider this concept to be of higher importance. (Highly significant at 0.004)

c. By <u>Level of Formal Education</u> — managers with "some graduate work" and below seem to place higher importance on this concept. (Significant at 0.016)

d. By <u>Job Satisfaction</u> — managers in the upper quartile of job satisfaction scores seem to place more importance on this concept. (Significant at 0.023)

e. By Time in Present Position — managers in their present positions 1-5 years seem to place less importance on this concept. (Significant at 0.029)

f. By AT&T Stock Ownership — stockholders seem to place more importance on this concept. (Significant at 0.036)

Value Concept 45: Blue Collar Workers

(No significant differences exist for this concept.)

Value Concept 46: Stockholders

a. By Line, Staff, or a Combination — staff managers seem to value the concept more highly. (Significant at 0.019)

b. By Total Time as a Manager — individuals with five years or less experience as managers seem to place less importance on this concept. (Significant at 0.023)

c. By Years With the Company — managers with more than 10 years' longevity seem to place more importance on this concept. (Significant at 0.038)

d. By Previous Work in Other Departments — the more other departments in which managers have worked, the more highly they seem to value this concept. (Significant at 0.045)

Value Concept 47: Technical Employees

(No significant differences exist for this concept)

Value Concept 48: Me

a. By Job Satisfaction — managers in the upper quartile

seem to place higher importance on this concept. (Significant at 0.043)

Value Concept 49: Labor Unions

a. By Total Time as a Manager -- individuals with less than 15 years' managerial experience seem to value this concept less. (Significant at 0.023)

b. By Salary Grade -- managers at higher levels seem to place more importance on this concept. (Significant at 0.047)

Value Concept 50: White Collar Workers

a. By Primary Orientation -- Pragmatic orientations seem to place a higher importance on this concept. (Significant at 0.046)

b. By Sex -- males seem to consider this concept less important. (Significant at 0.05)

Value Concept 51: Authority

(No significant differences exist for this concept.)

Value Concept 52: Caution

a. By Salary Grade -- 1st level managers seem to place higher importance on this concept. (Highly significant at 0.0000)

b. By Sex -- females seem to place more importance on this concept. (Highly significant at 0.0000)

c. By Yearly Income — managers earning less than $15,000 per year seem to place more importance on this concept. (Highly significant at 0.0000)

d. By Total Time as a Manager — individuals with under five years and over 20 years managerial experience seem to place more importance on this concept. (Significant at 0.0036)

e. By Primary Orientation — Moral-Ethical orientations seem to place higher importance on this concept. (Highly significant at 0.0051)

f. By Present Department — managers in the Traffic Department seem to place more importance on this concept. (Significant at 0.024)

g. By Level of Formal Education — managers with more formal education seem to place less importance on this concept. (Significant at 0.036)

h. By Years With the Company — individuals with 3-5 years with the company seem to consider this concept more important. (Significant at 0.05)

Value Concept 53: Change

(No significant differences exist for this concept.)

Value Concept 54: Competition

a. By Primary Orientation — Affect orientations seem to place the highest importance on this concept, Moral-Ethical give it the lowest rating. (Significant at 0.038)

Value Concept 55: Compromise

a. By Yearly Income — managers earning less than $12,000 per year seem to place more importance on this concept. (Significant at 0.021)

b. By Sex — males seem to place less importance on this concept. (Significant at 0.05)

Value Concept 56: Conflict

a. By Total Time as a Manager — individuals with less than two years' managerial experience seem to consider this concept more important. (Highly significant at 0.0004)

b. By Age — managers under 30 years of age seem to place more importance on this concept. (Significant at 0.014)

c. By Sex — females seem to consider this concept less important. (Significant at 0.018)

Value Concept 57: Conservatism

a. By Primary Orientation — Affect orientations seem to consider this concept less important, Moral-Ethical give it the highest rating of the three. (Highly significant at 0.0073)

Value Concept 58: Emotions

a. By Sex — males seem to place less importance on this concept. (Highly significant at 0.0045)

Value Concept 59: Equality

a. By Primary Orientation -- Pragmatic orientations seem to consider this concept of low importance, both Affect and Moral-Ethical rate it highly important. (Highly significant at 0.0000)

b. By Sex -- females seem to consider this concept more important. (Highly significant at 0.0001)

c. By College Major -- Business Administration, Engineering, and Math majors seem to consider this concept less important. (Significant at 0.023)

d. By Salary Grade -- managers in the lower three salary grades seem to place higher importance on this concept. (Significant at 0.05)

Value Concept 60: Force

a. By Sex -- males seem to place less importance on this concept. (Highly significant at 0.0012)

b. By Primary Orientation -- Moral-Ethical orientations seem to place less importance on this concept. (Significant at 0.017)

Value Concept 61: Government

a. By Primary Orientation -- Moral-Ethical orientations seem to place higher importance on this concept. (Highly significant at 0.0000)

b. By Sex -- female managers seem to consider this concept to be more important. (Highly significant at 0.0046)

c. By Salary Grade — 1st level managers seem to place more importance on this concept. (Significant at 0.014)

d. By AT&T Stock Ownership — non-stockholders seem to place more importance on this concept. (Significant at 0.044)

Value Concept 62: Liberalism

a. By Job Satisfaction — managers in the upper quartile of job satisfaction scores seem to place less importance on this concept. (Significant at 0.02)

Value Concept 63: Property

a. By Sex — female managers seem to consider this concept more important. (Highly significant at 0.0005)

Value Concept 64: Rational

a. By Primary Orientation — Moral-Ethical orientations seem to consider this concept more important. (Highly significant at 0.002)

b. By Present Department — managers in the Traffic Department seem to consider this concept more important. (Significant at 0.042)

Value Concept 65: Religion

a. By Primary Orientation — Moral-Ethical orientations seem to value this concept more highly. (Highly significant at 0.0000)

Value Concept 66: Risk

a. By Salary Grade — 1st level managers seem to place more importance on this concept. (Highly significant at 0.0072)

b. By Primary Orientation — Affect orientations seem to place less importance on this concept, Pragmatic give it the highest rating of the three. (Highly significant at 0.0076)

Summarizing, 148 statistically significant differences were noted between personal and organizational variable classifications and the behavioral relevance scores of the 66 value concepts. Organizational variables accounted for 20 of the differences, while personal variables accounted for 128. Organizational level (salary grade) accounted for 11 of the 20 differences, and previous work in other departments accounted for 5 differences. Primary orientation accounted for 38 of the 128 differences observed between personal variables and the value concepts, while sex accounted for 28 differences. Every personal variable accounted for two or more differences, while "previous work in Plant, Commercial, or Traffic," "number of employees directly supervised," "Geographical Area," and graduation from the company's Initial Management Development Program (IMDP) did not account for any differences. The value concept "Caution" accounted for the most significant differences with eight, while "Security" and "Organizational Stability" each accounted for seven.

"Individuality," "High Productivity," "Craftsmen," "My Subordinates," "Blue Collar Workers," "Technical Employees," "Authority," and "Change" were the only concepts which did not have at least one significant difference.

3. Main Study - Goals

The results of the goals portion of the study are presented in Figure 25. The rationale used in the ranking of the goals is the same as that used for Figure 24. The identifiers "GE" and "P&S" used for the goals refer to "General Efficiency" and "People and Society," which are the categories used in Part II of the questionnaire.

Of the 540 possibilities (20 variables, 27 goals), 81 statistically significant differences were noted at the 0.05 level of significance. These were:

GE-2: To provide the best possible service to the customers.

a. By Primary Orientation — Moral-Ethical orientations seem to value this goal more highly, Affect orientations give it the lowest ranking of the three. (Highly significant at 0.0000)

b. By Years With the Company — managers with 11-15 years with the company do not seem to value this goal as highly as others. (Highly significant at 0.0035)

c. By Present Department — the three line departments seem to place greater importance on this goal. (Highly significant at 0.0091)

d. By AT&T Stock Ownership — non-stockholders seem to value this goal more highly. (Significant at 0.013)

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Of the 540 possibilities (20 variables, 27 goals), 81 statistically significant differences were noted at the 0.05 level of significance. These were:

GE-2: To provide the best possible service to the customers.

a. By Primary Orientation — Moral-Ethical orientations seem to value this goal more highly, Affect orientations give it the lowest ranking of the three. (Highly significant at 0.0000)

b. By Years With the Company — managers with 11-15 years with the company do not seem to value this goal as highly as others. (Highly significant at 0.0035)

c. By Present Department — the three line departments seem to place greater importance on this goal. (Highly significant at 0.0091)

d. By AT&T Stock Ownership — non-stockholders seem to value this goal more highly. (Significant at 0.013)

FIGURE 25

GOAL RANKING

GOALS ID	DESCRIPTION	% HI	% PD RANKED 1st	% HI AND PD RANKED 1st
1. GE-2:	Provide Best Possible Service......	93	52	50
2. GE-3:	Plan and Provide Equipment and Means for Best Possible Service.........	93	50	48
3. P&S-4:	Promote on Achievement and Capability	93	49	47
4. P&S-5:	Develop Employees..	91	47	46
5. GE-11:	Decrease Operating Costs Thru Greater Efficiency......	88	47	43
6. P&S-7:	Value Employees as Individuals and Members of Team.......	85	45	42
7. P&S-12:	Fair Treatment and Respect as Individuals...........	84	46	41
8. P&S-10:	Recognize Innovation and Achievement....	76	46	41
9. P&S-2:	Equitable Employee Compensation.......	85	45	41
10. GE-1:	Productivity Indices	72	46	39
11. GE-7:	Minimize Customer Complaints to PSC..	84	44	39
12. GE-6:	Earnings Growth....	68	44	37
13. GE-8:	Be Competitive with other Companies in Communications.....	71	42	37
14. P&S-1:	Provide Emergency Services to Community..........	72	42	37

FIGURE 25 (cont'd)

GOALS ID	DESCRIPTION	% HI	% PD RANKED 1st	% HI AND PD RANKED 1st
15. P&S-13:	Remain Ethical in Dealings with the Community..........	67	44	36
16. GE-4:	Earn Highest ROR the PSC Will Permit.....	64	44	36
17. P&S-9:	Pay Comparable with other Firms in the State..............	70	42	35
18. GE-5:	Service Indices......	64	43	32
19. P&S-14:	Job Security........	59	41	32
20. GE-10:	Profits Competitive with other Bell System Companies.......	61	40	31
21. GE-12:	Service Indices Competitive with other Bell System Companies	56	39	27
22. P&S-6:	Protect Environment	50	38	27
23. P&S-15:	Satisfy Hygenic Factors................	57	36	26
24. GE-9:	Contribute to AT&T Dividends..........	44	44	25
25. P&S-11:	Provide Jobs in Community..............	35	36	20
26. P&S-8:	Assist Disadvantaged	31	38	18
27. P&S-3:	Participate in Community Activities..	26	31	13

GE-3: To plan for and provide the capability to maintain service at the highest possible levels (training, plant investment, phasing out of obsolete equipment, hiring competent employees, etc.).

a. By Level of Formal Education — managers with no college seem to place this in the "intended" category. (Highly significant at 0.0062)

b. By Previous Work in Other Departments — those who have worked in two other departments seem to value this goal more highly. (Significant at 0.026)

c. By Salary Grade — 1st and 2nd level managers seem to consider this an "intended" rather than an operative goal. (Significant at 0.046)

GE-4: To earn the highest rate of return on investment that the Public Service Commission will permit.

a. By Age — those under 35 years seem to place less importance on this goal. (Highly significant at 0.005)

b. By Sex — females seem to place higher importance on this goal. (Highly significant at 0.009)

c. By Primary Orientation -- Affect orientations place less importance on this goal, while Pragmatic orientations give it the highest ranking. (Significant at 0.0196)

d. By AT&T Stock Ownership — stockholders seem to place more importance on this goal. (Significant at 0.026)

e. By Years With the Company — managers with over 15 years with the company seem to place higher importance on this goal. (Significant at 0.047)

f. By Previous Work in Other Departments — the larger the number of other departments in which an individual has worked, the more highly this goal seems to be valued. (Significant at 0.05)

GE-5: To achieve minimum acceptable levels (or better) on the service indices (Maintenance Index, Toll and Assistance Index, etc.).

a. By AT&T Stock Ownership — non-stockholders seem to place less importance on this goal. (Significant at 0.05)

GE-6: To achieve significant earnings growth.

a. By Years With the Company — managers with 6-10 years with the company seem to place less importance on this goal. (Significant at 0.011)

b. By Primary Orientation — Affect orientations consider this goal less important, Pragmatic give it the highest ranking. (Significant at 0.013)

c. By Sex — males place less importance on this goal. (Significant at 0.018)

d. By Age — managers under 35 years seem to place less importance on this goal. (Significant at 0.021)

e. By AT&T Stock Ownership — non-stockholders seem to place less importance on this goal. (Significant at 0.037)

GE-7: To minimize the number of complaints from customers to the PSC and the Company.

a. By IMDP Graduates — non-IMDP graduates seem to place more importance on this goal. (Highly significant at 0.0009)

b. By Total Time as a Manager — managers with 11-15 years seem to place less importance on this goal. (Highly significant at 0.0028)

c. By Yearly Income — managers earning less than $12,000 per year seem to place more importance on this goal. (Highly significant at 0.0044)

d. By Level of Formal Education — managers with less formal education seem to value this goal more highly (Significant at 0.015)

e. By Salary Grade — 1st level managers seem to value this goal more highly. (Significant at 0.018)

f. By Job Satisfaction — managers in the upper quartile appear to place more importance on this goal. (Significant at 0.044)

GE-9: To contribute a proportional share to the dividends paid to AT&T stockholders.

a. By Primary Orientation -- Moral-Ethical orientations seem to place greater importance on this goal, Affect consider it a "low relevance" goal. (Highly significant at 0.0004)

b. By Total Time as a Manager — individuals with less than five years as managers seem to place less importance on this goal. (Highly significant at 0.0048)

c. By Time in Present Position — managers in present positions for over five years seem to place more importance on this goal. (Significant at 0.03)

d. By Sex — men seem to place less importance on this goal than women. (Significant at 0.042)

GE-10: To achieve a level of profitability which is competitive with those of other companies in the Bell System.

a. By Sex — females seem to place higher importance on this goal. (Highly significant at 0.0048)

b. By AT&T Stock Ownership -- non-stockholders seem to place less importance on this goal. (Significant at 0.027)

GE-11: To decrease operating costs through greater efficiency — with emphasis on more highly trained personnel, improved equipment, etc.

a. By Level of Formal Education — high school graduates and managers with "some college" seem to place less importance on this goal, those with college degrees and "some high school" seem to place the most importance on it. (Highly significant at 0.0001)

b. By Job Satisfaction -- managers who scored in the mid-50% range seem to place less importance on this goal. (Significant at 0.041)

GE-12: To achieve service indices which are competitive with those of other companies in the Bell System.

a. By Sex — males seem to place less importance on this goal. (Highly significant at 0.0008)

b. By Present Department — managers in the Traffic Department seem to place higher importance on this goal. (Significant at 0.017)

P&S-1: To render whatever emergency services might be needed by the community.

a. By Primary Orientation — Pragmatic orientations seem to place less importance on this goal, Moral-Ethical value it the highest. (Highly significant at 0.0000)

P&S-2: To pay employees a high enough wage to ensure that they are compensated equitably for their work and that they will remain with the Company.

a. By Primary Orientation — Moral-Ethical orientations seem to value this goal the highest, Pragmatic give it the lowest ranking. (Highly significant at 0.0000)

b. By College Major — science and math majors seem to value this goal more highly. (Significant at 0.012)

c. By Sex — females seem to place more importance on this goal. (Significant at 0.042)

d. By Time in Present Position — those managers in their present positions for less than one year seem to place less importance on this goal. (Significant at 0.045)

P&S-3: To participate in and actively support community activities.

a. By <u>Primary Orientations</u> — Affect orientations seem to place higher importance on this goal, Pragmatic rate it was a "low relevance" goal. (Highly significant at 0.0000)

P&S-4: To promote employees on the basis of achievement and capability.

a. By <u>Primary Orientation</u> — Moral-Ethical orientations seem to value this goal the most highly. (Highly significant at 0.0000)

P&S-5: To help develop employees so that they will rise to the highest levels consistent with their ability.

a. By <u>Level of Formal Education</u> — those managers with "some high school" through "college degree" seem to place more importance on this goal, those with "some graduate work" and graduate degrees place less importance on it. (Highly significant at 0.0001)

b. By <u>Primary Orientation</u> — Pragmatic orientations seem to place less importance on this goal, while both Affect and Moral-Ethical consider it highly important. (Highly significant at 0.0001)

c. By <u>Job Satisfaction</u> -- managers who scored in the mid-50% range seem to place less importance on this goal. (Significant at 0.034)

d. By <u>College Major</u> — Liberal Arts, Business Administration, and Science majors seem to place more importance on this goal. (Significant at 0.046)

P&S-6: To help protect the environment.

a. By Primary Orientation — Moral-Ethical orientations seem to place more importance on this goal, Pragmatic view it as being of low relevance. (Highly significant at 0.0000)

b. By Sex — males seem to consider this less important. (Significant at 0.041)

P&S-7: To make the Company a place where employees know that they are valued as individuals and team members.

a. By Primary Orientation — Pragmatic orientations seem to consider this goal less important, both Affect and Moral-Ethical hold it to be highly important. (Highly significant at 0.0000)

b. By Salary Grade — 1st level managers place higher importance on this goal. (Significant at 0.023)

P&S-8: To assist the underprivileged or disadvantaged in joining the mainstream of society as productive members by providing job and training opportunities.

a. By Primary Orientation — Affect orientations give this a 100% low relevance ranking, Moral-Ethical give it the highest ranking of the three. (Highly significant at 0.0000)

b. By Level of Formal Education — those managers with "some high school" seem to place more importance on this goal. (Highly significant at 0.002)

c. By Age — those managers 55 years and over seem to place more importance on this goal. (Highly significant at 0.0025)

d. By Sex — males seem to consider this less important. (Significant at 0.012)

P&S-9: To compensate employees at levels which are comparable to or above those paid by other companies in the State.

a. By Primary Orientation — Moral-Ethical orientations consider this more important, Pragmatic give it the lowest ranking of the three. (Highly significant at 0.0000)

b. By Sex — females seem to consider this goal more important. (Significant at 0.043)

c. By Time in Present Position — managers in their present positions for less than one year seem to consider this goal less important. (Significant at 0.046)

P&S-10: To recognize and encourage innovation and solid achievement.

a. By Sex — females seem to consider this goal to be of high importance. (Significant at 0.014)

b. By College Major — Engineering, Math, and Science majors seem to place more importance on this goal. (Significant at 0.017)

P&S-11: To aid the economy by providing jobs within the community.

a. By Primary Orientation — Moral-Ethical orientations seem to place more importance on this goal, Affect give it the lowest ranking of the three. (Highly significant at 0.0000)

b. By Sex -- males seem to consider this goal less important. (Highly significant at 0.0011)

c. By Yearly Income -- managers earning less than $12,000 per year seem to consider this of higher importance. (Significant at 0.011)

d. By Number of Employees Directly Supervised -- those managers directly supervising five and under seem to place more importance on this goal. (Significant at 0.033)

P&S-12: To ensure that employees receive fair treatment and are respected as individuals.

a. By Primary Orientation -- Moral-Ethical orientations seem to consider this goal to be of very high importance, Pragmatic rank it significantly lower than the other two. (Highly significant at 0.0000)

P&S-13: To remain "ethical" in our dealings with the community.

a. By Primary Orientation -- Pragmatic orientations seem to consider this goal to be of low importance, both Affect and Moral-Ethical consider it to be of high importance. (Highly significant at 0.0000)

b. By Previous Work in Other Departments -- managers who have worked in more than one other department seem to value this goal more highly. (Significant at 0.029)

c. By Time in Present Position -- managers in their present positions for more than three years seem to place more importance on this goal. (Significant at 0.039)

P&S-14: To provide job security — with strong assurance that no employee will be laid-off, except for just cause.

a. By Sex — females seem to place more importance on this goal than males. (Highly significant at 0.0000)

b. By Level of Formal Education — managers without college degrees seem to place more importance on this goal. (Highly significant at 0.0000)

c. By Yearly Income -- the less money a manager earns, the more highly he seems to value this goal. (Highly significant at 0.0000)

d. By Salary Grade — 1st level managers seem to value this goal more highly, the importance attached to this goal appears to decrease as managers advance in salary grade. (Highly significant at 0.0000)

e. By Primary Orientation — Affect orientations seem to value this goal more highly. Pragmatic assign it the lowest ranking of the three. (Highly significant at 0.0000)

f. By Number of Employees Under Overall Supervision — the more employees under overall supervision, the less managers seem to value this goal. (Highly significant at 0.0005)

g. By IMDP Graduate — non-IMDP graduates seem to value this goal more highly, only one IMDP graduate had this as an operative goal. (Highly significant at 0.0096)

h. By Time in Present Position -- managers in their present positions for four years and over seem to value this goal more highly. (Significant at 0.011)

i. By <u>AT&T Stock Ownership</u> — stockholders seem to value this goal more highly. (Significant at 0.017)

j. By <u>Total Time as a Manager</u> — managers with 6-15 years seem to value this goal less than others. (Significant at 0.049)

P&S-15: Insofar as is possible, make working for the Company an enjoyable experience — i.e., minimize pressures from "above," adequate parking, pleasant working conditions, good cafeteria facilities, etc.

a. By <u>Sex</u> — females seem to value this goal more highly. (Highly significant at 0.0000)

b. By <u>Primary Orientation</u> — Moral-Ethical orientations seem to value this goal more highly, Pragmatic give it the lowest ranking of the three. (Highly significant at 0.0058)

c. By <u>Yearly Income</u> — managers earning under $12,000 per year seem to value this goal more highly. (Significant at 0.038)

d. By <u>Time in Present Position</u> — managers in their present positions for three years or less seem to place less importance on this goal. (Significant at 0.05)

Figure 26 presents a summary of significant differences between organizational and personal variable classification and the behavioral relevance of each goal. The reader will note that 13 of the observed differences occurred between organizational variables and goal valuations, while 68 differences were accounted for by personal variables. Primary

FIGURE 26

SUMMARY OF DIFFERENCES

PERSONAL AND ORGANIZATIONAL VARIABLES

GOALS

	GE-1	GE-2	GE-3	GE-4	GE-5	GE-6	GE-7	GE-8	GE-9	GE-10	GE-11	GE-12	P&S-1	P&S-2	P&S-3	P&S-4	P&S-5	P&S-6	P&S-7	P&S-8	P&S-9	P&S-10	P&S-11	P&S-12	P&S-13	P&S-14	P&S-15
Present Department		x										x															
Previous Work in Line Depts.																											
Previous Work in Other Depts.			x	x																					x		
Line-Staff Position																											
# Employees - Direct Supervision																							x				
# Employees - Overall Supervision																										x	
Geographical Area																											
Company Management Training							x																			x	
Organizational Level			x				x												x							x	
Primary Orientation		x		x		x			x				x	x	x	x	x	x	x	x	x		x	x	x	x	x
Years With Company		x		x		x																					
Total Time as a Manager							x		x																	x	
Time in Present Position									x					x							x				x	x	x
Age				x		x														x							
Sex				x		x			x	x		x		x				x		x	x	x	x			x	x
Level of Formal Education			x				x				x						x			x						x	
College Major														x			x					x					
Yearly Income							x																x			x	x
AT&T Stock Ownership		x		x	x	x				x																x	
Job Satisfaction							x				x						x										

"x" indicates the existence of a Chi-Square which is significant at the 0.05 level between organizational-personal variable classification and a goal's behavioral relevance score.

orientation accounted for the most differences (18), while sex followed with 13 differences. The goal dealing with job security, P&S-14, accounted for the most differences (10), while GE-4 (rate of return) and GE-7 (minimize customer complaints) tied for second place with six differences each.

4. Comparative Analysis - Bronx Commercial

The Bronx Commercial Division has five districts: North, Northeast, Central, East, and South. In addition to these five line organizations, there is a Division Commercial Staff.

The present Division Manager has held that position for less than one year. He was promoted to that job after his immediate predecessor had been promoted to the General Manager position. The General Manager had only been in the Division Commercial position for a few months when he received the promotion to his present position.

When this study was initiated, the Division Commercial Manager was still in the process of familiarizing himself with his organization. He had implemented some organizational changes after his initial review of the situation, and was in the process of analyzing their impact when the researcher first contacted him. After several conversations with the researcher and considerable thought on the subject, he came to the conclusion that the study might provide him with valuable insights into his organization. He was particularly interested in a comparative analysis between his Southern and Northern

Districts. The former had consistently outperformed the latter in measurable indices related to Commercial operations, and one of the Division Manager's organizational changes had been to realign the Northern District and place a new District Manager in charge of it.

A total of 63 questionnaires were distributed in the Bronx Commercial Division. Of that total 20 were distributed to managers in the Northern District, 20 to managers in the Southern District, and 23 to other managers throughout the Division. Nine questionnaires were received from the Northern District, 12 from the Southern District, and 16 from managers on the staff and from other districts. Overall response was 59 percent.

The primary orientations of the respondents were:

	North	South	Other
Moral-Ethical	5(56%)	5(42%)	11(69%)
Pragmatic	3(33%)	3(25%)	1(6%)
Affect	0	1(8%)	1(6%)
Mixed	1(11%)	3(25%)	3(19%)

Eleven (30%) of the respondents were male managers, and 26 (70%) were female managers.

Chi Square analyses were performed to determine: (1) if there were any significant differences in the valuation of value concepts and goals between the Northern and the Southern Districts, and (2) if there were any significant differences among the Northern and Southern Districts and

the other managers from the division. No statistically significant differences were noted at the 0.05 level of significance between the Northern and Southern Districts; however, the following differences were noted when the other managers were added to the sample:

a. Trust — the "other" managers seem to place higher importance on this value concept, the Southern District places the lowest importance on it. (Significant at 0.043)

b. Autonomy — managers from the Southern District seem to place less importance on this value concept, the "other" managers give it the highest rating. (Significant at 0.047)

c. Organizational Growth — managers in the Southern District seem to place less importance on this concept, the Northern District managers give it the highest rating of the three. (Significant at 0.022)

d. GE-1: Productivity Indices — the "other" managers seem to place more importance on this goal, managers in the Northern District give it the lowest rating. (Significant at 0.0261)

The five highest and lowest ranked values are:

	South	North	Other
1.	Organizational Efficiency (58%)	My Subordinates (67%)	Employee Welfare (69%)

	South	North	Other
2.	Job Satisfaction (58%)	Me (67%)	Trust (69%)
3.	My Subordinates (58%)	Organizational Efficiency (56%)	Loyalty (69%)
4.	Employees (50%)	Managers (56%)	Dignity (62%)
5.	Organizational Growth (50%)	Job Satisfaction (44%)	Government (62%)
.			
.			
.			
62.	Aggressiveness (0%)	Prestige (0%)	Emotions (0%)
63.	Compromise (0%)	Creativity (0%)	Leisure (0%)
64.	Liberalism (0%)	Compromise (0%)	Liberalism (0%)
65.	Power (0%)	Conformity (0%)	Power. (0%)
66.	Creativity (0%)	Liberalism (0%)	Creativity (0%)

The five highest ranked goals are:

South

1. GE-3: Plan and Provide for Best Service (67%)
2. GE-2: Provide Best Service Possible (58%)
3. P&S-4: Promote on Achievement (58%)
4. P&S-5: Develop Employees (58%)
5. GE-11: Decrease Operating Costs Thru Efficiency (58%)

North

1. P&S-5: Develop Employees (67%)
2. GE-3: Plan and Provide for Best Service (56%)
3. P&S-4: Promote on Achievement (56%)
4. P&S-12: Fair Treatment and Respect as Individuals (56%)
5. GE-2: Provide Best Service Possible (56%)

Other

1. P&S-5: Develop Employees (69%)
2. GE-1: Productivity Indices (62%)
3. P&S-12: Fair Treatment and Respect as Individuals (62%)
4. P&S-7: Value Employees as Individuals & Teach Members (62%)
5. P&S-4: Promote on Achievement (62%)

The five lowest ranked goals are:

South

23. P&S-6: Protect the Environment (25%)
24. GE-12: Service Competitive with other Bell Companies (17%)
25. P&S-1: Provide Emergency Services to Community (17%)
26. P&S-11: Provide Jobs in the Community (17%)
27. P&S-4: Participate in Community Activities (8%)

North

23. GE-9: Contribute to AT&T Dividends (11%)
24. GE-1: Productivity Indices (11%)
25. P&S-8: Assist Disadvantaged (0%)
26. P&S-11: Provide Jobs in the Community (0%)
27. P&S-4: Participate in Community Activities (0%)

Other

23. GE-5: Service Indices (31%)
24. GE-9: Contribute to AT&T Dividends (31%)
25. P&S-11: Provide Jobs in the Community (25%)
26. P&S-8: Assist Disadvantaged (19%)
27. P&S-4: Participate in Community Activities (12%)

Further information which might provide insight for the comparative analysis include job satisfaction totals, the number of goals ranked "high importance," and the number of goals ranked "not high importance."

	South	North	Other
Job Satisfaction			
Range	12-26	12-24	17-26
Median	21	19	22
Mean	20.6	19.3	21.7
Goals Ranked High Importance			
Range	10-27	7-21	12-27
Median	17	16	17
Mean	17.0	25.8	18.8
Goals Ranked Not High Importance			
Range	0-17	6-20	0-15
Median	9	11	6
Mean	9.1	11.1	8.3

5. Comparative Analysis — Bronx Plant

The Division Manager of the Bronx Plant Department had a somewhat "different" interest than the Commercial Manager. Involved as he was with the longest strike in the history of the Bell System by the New York Plant Craftsmen against the company, he was particularly interested in the difference between his construction organization and his plant districts in their dealings with the union. It was his observation that the construction organization had excellent relations with the union officials and members throughout the strike, while his managers in the plant districts and the union members were virtually at each others' throats. His request of the researcher was to see if any light could be shed on why there should be such significant differences. Although such a request was not anticipated, the researcher decided to see if his research instrument could react to such a charge.

A total of 90 questionnaires were distributed to the Bronx Plant Department, 20 to Construction and 70 to the other managers. The Construction managers returned 14 (70%) questionnaires, and the other managers returned 46 (51%). The primary orientations of the respondents were:

	Construction	Plant
Moral-Ethical	4 (29%)	22 (48%)
Pragmatic	3 (21%)	10 (22%)
Affect	1 (7%)	1 (2%)
Mixed	6 (43%)	13 (28%)

All of the respondents from Construction were males, and 43 of the respondents from the rest of the Plant Department were male managers. Only three (5%) of the respondents were female.

a Chi Square analysis was performed to determine if there were any significant differences between the two Plant elements and the valuation of goals and value concepts, and the following differences were noted:

a. Creativity — Construction managers seem to place less importance on this concept. (Highly significant at 0.0038)

b. GE-9: Pay Comparable with other Firms in the State — the "other" managers seem to place more importance on this goal. (Approaches significance at 0.059)

c. Autonomy — Construction managers seem to place more importance on this value concept. (Approaches significance at 0.09)

d. Technical Employees — "other" managers seem to place more importance on this value concept. (Approaches significance at 0.076)

The five highest and lowest ranked values were:

	Construction	Other
1.	Me (50%)	Customers (54%)
2.	Competition (43%)	Organizational Efficiency (52%)
3.	My Company (43%)	High Productivity (50%)
4.	Organizational Efficiency (43%)	Trust (46%)
5.	Craftsmen (43%)	My Company (44%)
•		
•		
•		
62.	Emotions (0%)	Compromise (2%)
63.	Social Welfare (0%)	Social Welfare (2%)
64.	Conflict (0%)	Conformity (2%)
65.	Conformity (0%)	Prejudice (2%)
66.	Liberalism (0%)	Liberalism (0%)

The five highest ranked goals were:

Construction

1. GE-3: Plan and Provide for Best Service (43%)
2. GE-2: Provide Best Possible Service (43%)
3. P&S-12: Fair Treatment and Respect for Employees (43%)
4. P&S-10: Recognize Innovation and Achievement (36%)
5. P&S-5: Develop Employees (36%)

Other

1. P&S-10: Recognize Innovation and Achievement (52%)
2. GE-2: Provide Best Possible Service (52%)
3. GE-3: Plan and Provide for Best Service (52%)
4. P&S-5: Develop Employees (52%)
5. P&S-2: Equitable Compensation (50%)

The five lowest ranked goals were:

Construction

23. P&S-8: Assist Disadvantaged (21%)
24. P&S-9: Pay Comparable with other Firms in State (14%)
25. GE-12: Service Competitive with other Bell Companies (14%)
26. P&S-2: Participate in Community Activities (14%)
27. GE-9: Contribute to AT&T Dividends (7%)

Other

23. GE-12: Service Competitive with other Bell Companies (26%)
24. GE-9: Contribute to AT&T Dividends (22%)
25. P&S-11: Provide Jobs in Community (20%)
26. P&S-8: Assist Disadvantaged (17%)
27. P&S-2: Participate in Community Activities (15%)

In examining job satisfaction scores of the managers, Construction scores lower. Construction had a range of 13-24 on their scores with a median of 20 and a mean of 16.6, while the other managers had a range of 12-26 with a median of 19 and a mean of 20.2.

In light of the nature of the Division Manager's request, the following are motive/operative ratings of value concepts and goals which would seem to be relevant:

	Construction	Other
Ability	21%	33%
Obedience	29%	20%
Trust	21%	46%
Loyalty	36%	37%
Skill	29%	35%
Cooperation	21%	39%
Tolerance	7%	13%

	Construction	Other
Conformity	0%	2%
Dignity	29%	35%
Job Satisfaction	29%	37%
Power	14%	4%
High Productivity	21%	50%
Employee Welfare	43%	37%
Employees	36%	44%
My Co-Workers	36%	30%
Craftsmen	43%	37%
My Subordinates	29%	35%
Laborers	21%	17%
Blue Collar Workers	7%	17%
Labor Unions	14%	7%
Authority	29%	28%
Compromise	7%	2%
Conflict	0%	4%
Equality	7%	33%
GE-11: Decrease Operating Costs Through Greater Efficiency	29%	50%
P&S-4: Promote on Achievement	21%	44%
P&S-5: Develop Employees	36%	52%
P&S-7: Value Employees as Individuals and Team Members	36%	44%
P&S-10: Recognize Innovation and Achievement	36%	52%

		Construction	Other
P&S-12:	Fair Treatment and Respect for Employees	43%	39%
GE-1:	Productivity Indices	21%	44%
GE-4:	Earn Highest ROR the PSC will Permit	21%	37%

CHAPTER VI

DISCUSSION

In this chapter the results presented in Chapter V will be discussed in light of the hypotheses presented in Chapter I. In addition, the data will be compared with that of previous studies described in Chapter II.

1. HYPOTHESIS 1

> The primary orientation is pragmatic — i.e., a majority of the managers completing the questionnaire will assign more of the concepts in the personal values section to the high importance-successful cell than any other.

Clearly, we cannot accept this hypothesis. Since only 23.3% of the respondents possessed pragmatic orientations while 45.8% had moral-ethical orientations, we must conclude that the primary orientation of New York Telephone managers, based upon this sample of 360, is decidedly moral-ethical.

Insofar as which cell of the evaluation matrix had more concepts assigned to it, Figure 27 clearly shows that the high importance-right cell was the most favored, with the

FIGURE 27

VALUE RANKINGS

	High Importance	Average Importance	Low Importance
Successful 1st Ranked	12(29)	7(7)	0(2)
Right 1st Ranked	25(10)	15(11)	0(0)
Pleasant 1st Ranked	1(0)	5(6)	1(1)

next highest number being placed in the average importance-right cell. The numbers within the parentheses represent England's findings.

The precise significance of the differences would be difficult to determine. England's group, for example, also assigned the second largest group to the average importance-right cell, a cell which was not consistent with their primary descriptor. Both groups assigned exactly seven concepts to the descriptor pleasant, but the New York Telephone group assigned one concept (job satisfaction) to the high importance column, whereas England's group did not assign any concepts to the high importance-pleasant cell. Their ranking of Job Satisfaction was high importance-successful. Neither group assigned a concept to the low importance-right cell, and both assigned the concept Conformity to the low importance-pleasant cell. England's group assigned a total of 39 concepts to the high importance column, while the New York Telephone managers placed one less.

Twelve concepts rated high importance-successful by England's group were rated high importance-right by New York Telephone managers. They were: High Productivity, Employees, Customers, My Co-workers, Craftsmen, My Boss, Managers, My Subordinates, Stockholders, Technical Employees, Me, and Cooperation.

Also rated high importance-right in this study were the concepts Security, Authority, and Equality. The latter two

were rated average importance-right by England's group, and Security was rated average importance-pleasant. The remaining 10 concepts rated high importance-right were also given that rating in England's study.

The concepts Owners and Change, rated high importance-successful by England's group, were placed in the average importance-right cell in this study. The remaining two concepts rated high importance-successful in the England study, but rated differently in this study were White Collar Workers and Creativity. New York Telephone managers down-graded White Collar Workers to average importance-successful, and gave Creativity a rating of average importance-pleasant.

It is of mild interest to note that Labor Unions, during the longest strike in the history of the Bell System, was rated average importance-right. England's group ranked this concept average importance-successful.

Prejudice and Force, the two concepts rated low-importance-successful by England's group, were rated average importance-successful in this study.

In Chapter II the concept of an organization possessing a distinct personality was presented. Perhaps it would be best to discuss the data from this viewpoint — recognizing that England's results provide something of a general composite framework of the value systems of American managers, while this data provides us with a profile of the values of a single business organization.

If we proceed with this view in mind, then we may look upon New York Telephone as an interesting mixture of the Protestant and Social Ethics. High Productivity is considered to be highly important because it is right, but then again so is Employee Welfare, Equality, Cooperation and My Subordinates. Interestingly, Job Satisfaction is highly important because it is pleasant, not right nor successful.

Another interesting aspect of the personality profile is the apparent emphasis on different aspects of security. As will be discussed in greater detail later in this chapter, such emphasis seems to owe its origin primarily to the inclusion of less educated, lower paid, 1st level managers in the sample. Such concerns for security are less evident among the higher level managers. Does this mean that since emphasis on security is relegated primarily to the lower levels of management, it is less important? The researcher would argue that it is not less important. A value or goal operative primarily at one level of the organization, still represents a motive value or operative goal for the organization at that level. As such, it affects dealings with superiors, subordinates, and customers.

For a further glimpse at differences between New York Telephone managers and England's group, Figure 28 presents a listing of value concepts in which differences of more than 10 places (in a rating of 1-66) were experienced. Also included are the behavioral relevance percentages. These scores, however, should be interpreted with caution since there is a

FIGURE 28

RANKING/BEHAVIORAL RELEVANCE SCORES OF SELECTED VALUE CONCEPTS

Value Concept	England	NY Tel Co	Ranking Difference
Honor	52/12%	4/45%	48
Creativity	12/50%	53/11%	41
Trust	40/18%	3/45%	37
Success	10/53%	44/20%	34
Aggressiveness	24/33%	58/ 8%	34
Dignity	49/13%	16/35%	33
Equality	60/ 8%	28/28%	32
Employee Welfare	41/17%	9/40%	32
Loyalty	39/18%	8/42%	31
Religion	63/ 7%	33/27%	30
Ability	1/65%	30/28%	29
Risk	30/27%	55/ 9%	25
Profit Maximization	8/56%	32/27%	24
My Boss	14/45%	37/23%	23
Security	50/12%	27/29%	23
Skill	9/55%	31/27%	22
Compassion	61/ 8%	39/23%	22
Change	27/31%	48/15%	21
Obedience	59/ 8%	41/21%	18
Achievement	2/63%	20/31%	18
Government	39/19%	18/31%	18
Influence	43/15%	60/ 7%	17
Social Welfare	66/ 4%	49/12%	17
Caution	62/ 7%	46/16%	16
My Subordinates	16/42%	2/45%	14
Organizational Growth	13/48%	25/29%	12
Ambition	7/57%	19/31%	12
Industry Leadership	15/43%	26/29%	11
Me	22/39%	11/37%	11
Employees	18/42%	7/42%	11
White Collar Workers	32/24%	43/21%	11
Compromise	46/13%	57/ 8%	11

Presented here are value concepts which differed in overall ranking by over 10 places. Behavioral relevance scores were computed in slightly different manners and are not able to be compared directly. The figure preceding the slash (/) represents the value concept's relative ranking in the 66 concepts valuated, while the figure following the slash is the behavioral relevance score.

basic difference in the methodologies used to compute them. In his study England used the primary orientation of the group (pragmatic) to determine behavioral relevance, while in this study the primary orientation of the individual was used. Also complicating any direct comparison of the behavioral scores is the fact that a significantly larger percentage of this study's respondents possessed mixed orientations (29 vs 9%), and therefore were excluded from contributing to behavioral relevance scores.

In examining Figure 28, certain differences become immediately apparent. New York Telephone managers, for example, seem to place much higher importance on concepts such as Honor, Trust, Dignity, Loyalty, Religion and Employee Welfare. These same concepts were among those assigned to the high importance-right cell by England's group, and since ranking as well as behavioral relevance scores are equally dependent upon high importance <u>and</u> successful ratings in his study, it seems reasonable to assume that they would not be valuated as highly. It remains the contention of the researcher, however, that these values hold greater behavioral relevance for New York Telephone managers than for the managers in England's study.

Equally apparent is the higher importance placed by England's respondents on such concepts as Creativity, Success, Aggressiveness, Ability, Risk, Profit Maximization, Skill, Change, Achievement, Ambition, and Industry Leadership.

In the light of the discussion concerning the increased competition the Bell System can expect in the proximate future, these differences do not seem to bode well for New York Telephone. The higher rankings given concepts such as Security, Employee Welfare, and Caution, coupled with the lower rankings for Creativity, Aggressiveness, Success, Profit Maximization, Achievement, Organizational Growth, and Industry Leadership paint a picture which, if taken at face value, portrays New York Telephone as being ill-equipped to prevail in a climate of vigorous competition. From these data, one can conjure up visions of a stagnant bureaucracy struggling to maintain the status quo — mired deeply in the "don't rock the boat" phase of Figure 9. Here, however, as with most such generalizations, things aren't necessarily as they appear. One important consideration is the differences in the relative composition of England's sample and that of this study. With 87.1% of his respondents drawn from levels which report directly to a vice-president or higher, with 72.5% holding either staff or combined line-staff positions, and with 79.5% working for companies which employ less than 10,000 employees, there is a distinct possibility that we might be comparing apples and oranges. Any comparison made, therefore, should be interpreted in this light, and are in fact offered primarily because no comparable data exists. It might even be noted that the distribution of primary orientations among New York Telephone managers more closely

resembles England's [1968a, p. 9] study of union leaders than it does managers. This, again, undoubtedly reflects the inclusion of a large number of 1st level managers in the sample, the majority of whom were active in unions themselves before being promoted to management. It is not inconceivable that the managers in this sample, if compared with comparable managers from another company in a highly competitive industry, might show-up as being highly aggressive and competitive. This we will not know until more research of this nature is performed.

It should be noted at this point, however, that no statistically significant differences were observed in a Chi Square test (0.05 level of significance) performed between primary orientation classifications and the various organizational levels included in this study. In short, even the district and division level managers appeared to be predominantly moral-ethical. Whether this trend would also prevail at the general manager level and above is difficult to predict. Based upon the data, the researcher would assume this to be the case.

2. HYPOTHESIS 2

> There is no statistically significant relationship between organizational variables and the classification of value concepts in Part I of the questionnaire.

This hypothesis, as expected, must be rejected. Twenty significant differences existed between organizational variable classifications and the behavioral relevance scores of

the value concepts. Of these 20, 11 were attributed to the variable, organizational level, five to previous work in other departments, two to the respondent's present department, and two to line-staff.

In the organizational level category we see that higher managers place more importance on labor unions than lower level managers and also place less importance on Organizational Stability. Lower level managers, on the other hand, place more importance on Security and Equality, while placing less importance on Power. First level managers present something of a contradiction by placing more importance than other managers on Caution and Risk. They also assign higher rankings to Employee Welfare and Government, while placing less importance on Aggressiveness. One group of managers, district level, stands out by placing less importance than other management levels on Loyalty.

The lower importance placed on Labor Unions by lower management might be explained by the old bromide, "Familiarity breeds contempt." These are the individuals who are involved in the daily squabbles and conflicts with union officials. It is difficult to assess just what impact the strike had upon the valuation of Labor Unions. Since management was able to maintain (and in some cases improve) service during the strike, one is tempted to speculate that the concept probably received a lower rating than it normally would have.

The lower importance placed on Organizational Stability by higher management perhaps underscores the relative upward mobility of managers at the district level and higher, as opposed to first and second level management. The majority of non-college educated first level foremen never rise above that organizational level, and the same is true of most non-college educated second level managers. The big jump is to district level. This is reflected, perhaps, in the higher valuation of Security and Equality and the lower valuation of Power by the first and second level managers. As managers in New York Telephone they possess more security than most, and yet limited in future advancement, protest this perceived inequity with their high valuation of Equality. Based upon numerous conversations with first and second level managers, the low ranking of Power might be explained by either their low position in the organizational pecking order, or by feelings of impotency in dealing with the unionized craft workers.

The apparent contradiction in first level managers ranking both Caution and Risk higher than other managers was seen for the first time during the pilot study. On that occasion one of three organizational sub-elements rated the concept Loyalty significantly higher than two other elements. This result did not seem consistent with the researcher's observations, so the matter was examined more closely. From conversations with individuals knowledgeable with the

operation of the three units and from comments made by managers involved (as well as by strikers on the picket line), it became apparent that the high ranking of Loyalty was kind of a reverse twist. The managers in that unit felt that their unit manager <u>lacked</u> loyalty, and their valuation was a reaction to this perceived shortcoming. It was true that they valued the concept more highly than the managers in the other two units, but the reason for the high valuation appeared similar to that which might result from an un-fulfilled need.

The same logic appears to apply to the first level managers' rating of Caution and Risk. New York Telephone, being a highly organized and centralized firm, has the foremen's job extremely well covered in specifications, operating policies, and indices which measure his performance. Caution, therefore, keeps him out of trouble with his superiors. Risk, on the other hand, may well appeal to him because of the restraint he must exercise in performing his day-to-day duties.

The higher valuation of Government by first level managers is somewhat of a puzzle to the researcher. Since lower level managers appear generally indifferent to the subject of government regulation of the telephone industry, it is suggested that perhaps what is evidenced here is a negative reaction on the part of higher management to government regulation. The higher valuation by lower management,

might be an indication of a lack of resentment on the part of the lower level managers.

The emphasis of lower management on Employee Welfare might originate from the fact that these individuals tend to think of themselves as employees, whereas higher level managers are more prone to consider themselves professional managers. This distinction was observed by the researcher on numerous occasions during interviews.

The researcher is of the opinion that Aggressiveness is rated low by first level managers because it makes them uneasy and is not a requirement for getting their jobs done within the unofficial norms established by themselves. In foreman circles the aggressive individual is suspect, a person to be watched.

The organizational variable which accounted for the second largest number of significant differences was previous work in departments other than the three major line departments. Managers who have worked in more than two departments placed higher importance on Stockholders, Skill and Owners, while those who have worked in two or less placed more importance on Industry Leadership and Employees.

The managers composing this portion of the sample form a diverse group. About all the researcher can say about the differences noted above is that all of these concepts were considered motive values by the managers participating in England's study. Perhaps this fact reflects the higher

proportion of higher management who have worked in other departments.

As for the remaining organizational variables, it was noted that staff managers placed higher importance on Industrial Leadership and Stockholders, and managers in the Traffic Department placed higher importance on the concepts Caution and Rational.

The emphasis of the staff managers does not appear unreasonable. From their perspectives, and relieved as they are from the immediate problem of the line managers, it seems reasonable to assume that they would be more concerned about these two concepts. The emphasis of Traffic managers on caution appears to reflect the high representation of female managers in this department. Females placed much higher importance on this concept than male managers. The emphasis on Rational is somewhat of a puzzle. The researcher can determine no reason why Traffic should value this concept more highly than other departments, except to speculate that this valuation might reflect a reaction to the numerous irrational requests received from subscribers by the operators of the Traffic Department.

3. HYPOTHESIS 3

> There is no statistically significant relationship between personal variables and the classification of personal values in Part I of the questionnaire.

As anticipated, we must also reject this hypothesis. One hundred and twenty-eight statistically significant

differences were noted between values and personal variables, 66 of which were accounted for by primary orientation and sex. The other personal variables accounted for between two and eleven differences each.

a. Primary orientation. An examination of the differences accounted for by primary orientation is perhaps as good a way as any to gain insight into just what pragmatic, moral-ethical and affect primary orientations are. Figure 29 summarizes these differences by showing which orientations placed the highest importance on concepts for which significant differences were indicated.

As can be seen from the figure, many of the rankings seem consistent with the ideas conveyed by the names given to the three orientations. Moral-ethical orientations seem to place more importance on the concepts Obedience, Trust, Loyalty, Compassion, Tolerance, Honor, Dignity, Employee Welfare, Social Welfare, Caution, Conservatism, Equality, Government, Rational, and Religion. Pragmatic orientations seem to place higher importance on Ambition, Aggressiveness, Skill, Achievement, Money, Influence, Power, Creativity, Industry Leadership, Profit Maximization, Organizational Efficiency, Organizational Growth, Managers, White Collar Workers, Risk, and Ability. Finally, Affect orientations seem to place higher importance on Leisure, Prestige, Compassion, Honor, Dignity, Creativity, Employee Welfare, Managers, My Company, and Equality.

FIGURE 29

VALUE DIFFERENCES ACCOUNTED FOR BY PRIMARY ORIENTATION

Value Concept	Moral-Ethical	Pragmatic	Affect
Ambition	O	X	
Obedience	X	O	O
Trust	X	O	
Aggressiveness		X	O
Loyalty	X	O	
Prejudice	X	X	O
Compassion	X	O	X
Skill	O	X	
Tolerance	X	O	O
Honor	X	O	X
Leisure		O	X
Dignity	X	O	X
Achievement	O	X	
Money	O	X	
Influence		X	O
Power		X	O
Creativity	O	X	X
Success	O		X
Prestige	O		X
Industry Leadership	O	X	
Employee Welfare	X	O	X
Profit Maximization		X	O
Organizational Efficiency		X	O
Social Welfare	X	O	
Organizational Growth		X	O
Managers	O	X	X
My Company	O	X	X
White Collar Workers	O	X	O
Caution	X	O	O
Competition	O		X
Conservatism	X		O
Equality	X	O	X
Force	O		X
Government	X	O	
Rational	X		O
Religion	X	O	
Risk		X	O
Ability		X	O

This figure depicts the 38 value concepts for which statistically significant differences were noted between behavioral relevance scores and the classifications of primary orientation. X denotes a higher ranking, while O denotes a lower ranking. Where the rankings of two orientations were very close, both were assigned an X or O.

Some rankings which strike a dissonant chord, however, are also in evidence. The rating of the concept Success is one such instance. Whereas the researcher would have expected pragmatic orientations to place the highest valuation on this concept, it was the affect orientations that seemed to consider this concept more important. The same is true of the valuations of Competition and Force. It somehow seems illogical that respondents placing a "1" next to the descriptor pleasant would assign a greater proportion of "high importance" ratings than respondents with successful as a primary descriptor. The only feasible explanation seems to be the "reverse twist" discussed earlier. Because of the promise of anonymity, the researcher was able to identify and interview only one respondent with an affect orientation. This was possible because the individual was a member of a specially selected (and coded) group, and was at a level that permitted him to be identified. In his case the reverse approach definitely seemed to apply. As an individual he might be classified as a non-competitor. He was soft-spoken and extremely polite. Conflicts or confrontations of any variety seemed to make him extremely uneasy. This is hardly a significant sample, but in the absence of any other information, it is the best that can be offered.

b. Sex. The observation that men are different from women can hardly be considered a profound finding. However, the

nature of the differences between male and female managers is a subject about which very little has been written. In the previous chapter, 28 significant differences were noted between the variable sex and the behavioral relevance scores of the 66 value concepts. These differences are summarized in Figure 30.

In Chapter I the researcher hedged by declining to pose a hypothesis dealing with differences between male and female managers. On the basis of Myer's work at Texas Instruments a suspicion existed that female managers might adopt the values of the organization more completely than their male counterparts, but the researcher deferred from phrasing that suspicion as a hypothesis. The results of this study show that the suspicion apparently had a basis in fact. Of the 28 significant differences accounted for by the classifications of male and female, 26 had female managers placing higher importance on value concepts than their male colleagues. Only the concepts Owners and Conflict received higher ratings by male managers. Of the concepts rated in the top 20 by the organization, female managers placed higher importance on eight (My Company, Loyalty, Employee Welfare, Job Satisfaction, Dignity, Organizational Stability, Government, and Ambition). Neither Owners nor Conflict were in the top 20 concepts.

The distribution of primary orientations among female managers was not significantly different from that of men.

FIGURE 30

VALUE DIFFERENCES ACCOUNTED FOR BY SEX

Value Concept	Females	Males
Ambition	X	
Loyalty	X	
Prejudice	X	
Compassion	X	
Tolerance	X	
Conformity	X	
Dignity	X	
Job Satisfaction	X	
Security	X	
Success	X	
Prestige	X	
Employee Welfare	X	
Organizational Stability	X	
Social Welfare	X	
My Co-Workers	X	
My Boss	X	
Owners		X
Laborers	X	
My Company	X	
White Collar Workers	X	
Caution	X	
Compromise	X	
Conflict		X
Emotions	X	
Equality	X	
Force	X	
Government	X	
Property	X	

This figure depicts the 28 value concepts for which statistically significant differences were noted between behavioral relevance scores and the classifications male and female. X denotes a higher ranking.

Fifty-two percent of female managers were moral-ethical, 24% were pragmatic, 3% had affect orientations, and 21% were mixed. Therefore, the differences noted above cannot be ascribed to differences in their primary orientations. The only conclusion can be that they seem to have adopted the above values more completely than male managers.

On the basis of some write-in concepts provided by some of the female respondents, the higher ranking of concepts such as Ambition, Success, Prestige, and Equality did not come as a complete surprise to the researcher. The writers of these comments seemed intent upon impressing the researcher with the fact that they were serious about their jobs, that their performance deserved to be recognized, and that they desired advancement. These remarks were interpreted by the researcher as further evidence that the "equality for women" movement was beginning to make its presence felt in New York Telephone.

c. Job satisfaction. Twelve statistically significant differences were observed between job satisfaction classifications and the behavioral relevance ratings of the value concepts. These differences are summarized in Figure 31.

FIGURE 31

VALUE DIFFERENCES ACCOUNTED FOR BY JOB SATISFACTION

Value Concepts	Low Satisfaction	Middle Satisfaction	High Satisfaction
Ambition	O	O	X
Obedience		O	X
Leisure	X		O
Achievement		O	X
Influence	X		O
Profit Maximization		O	X
Social Welfare	O		X
Employees	O		X
Customers	O	O	X
My Company	O		X
Me		O	X
Liberalism	O	X	O

This figure depicts the 12 value concepts for which statistically significant differences were noted between behavioral relevance scores and the three classifications of job satisfaction. X denotes a higher ranking, while O denotes a lower ranking. Where the rankings of two classifications were very close, both were assigned an X or O.

Figure 31 holds no surprises. It seems quite predictable that the high satisfaction group would place greater importance on Ambition, Obedience, Achievement, Profit Maximization, Social Welfare, Employees, Customers, My Company and Me. Also, the higher importance placed on Leisure and Influence by the low satisfaction group hardly seems surprising.

d. AT&T stock. Eleven statistically significant differences were noted between the variable of AT&T stock ownership and the behavioral relevance scores of the 66 value concepts. The researcher included this variable because the Company offers management an investment plan which permits managers to invest in either AT&T stock or an investment fund, with the company matching the individual's funds. It was believed that the managers who opted for AT&T stock rather than the investment fund might prove an interesting group.

Stockholders placed higher importance on Trust, Honor, Security, Organizational Stability, Organizational Growth, and My Company. Non-stockholders seemed to place higher importance on Ability, Creativity, Employee Welfare, My Co-Workers, and Government.

Except for the apparent incongruity of placing high importance upon both Organizational Stability and Organizational Growth, the values emphasized by the stockholders fit nicely with the stereotyped views commonly held about the Bell System and New York Telephone. The higher importance placed on Employee Welfare, My Co-Workers and Government by non-stockholders also seemed to be understandable. What was puzzling, however, was the non-stockholders' higher evaluation of Ability and Creativity. In attempting to gain some insight into the reasons behind the higher rating of these two concepts the researcher talked with a number of managers. The general drift of these conversations was to the effect that

AT&T stock had not performed well over the past several years, and anyone who had left their savings in stock either had not exercised very good judgment, or did not have the initiative to take action. If this view is accepted, it might offer an explanation of sorts for the rating of Ability and Creativity. The researcher finds this explanation difficult to accept; however, in the absence of any other variable associations, can offer no alternative.

e. Level of formal education. To facilitate analysis of the 10 significant differences observed between this variable and the behavioral relevance scores assigned the value concepts, formal education was divided into three classifications: 1) highly educated (some graduate work, graduate degrees, and work beyond masters); 2) college educated (some college and undergraduate degrees); and 3) less educated (grade school, some high school, and high school).

Using this classification it was noted that the less education the respondent had, the more importance he/she placed upon Caution, Security, Trust, Organizational Stability, and My Co-Workers. These results happen to coincide with observations made by the researcher, and seem to be reasonable. The more education a manager has, the more confident he seems to be about finding other employment at comparable pay. The more highly educated manager also impressed the researcher as the individual who was generally looking for bigger and better things with the company insofar as career progression

was concerned. Less educated managers, on the other hand, gave the general impression of being more intent on preserving what they had. The researcher, of course, is speaking in generalities and there were obvious exceptions to what has been said — less educated managers who were performing admirably and justifiably looking forward to future promotions, as well as highly educated managers who had progressed as far as they will go and who were intent on simply holding-on.

The only other consistent difference noted occurred in the valuation of Employees. The more education the manager had, the more importance he seemed to place on this concept. This result was unanticipated by the researcher. It was expected that the less educated managers would identify more closely with the concept than the more highly educated individuals, who would be more apt to consider themselves professional managers.

Other differences noted were that college educated managers placed slightly more importance on Autonomy and Influence than the highly educated managers, and both groups placed more importance on the concepts than the less educated managers. It is not known why the college educated group placed more importance on Autonomy and Influence than the highly educated group, but the fact that these two groups either represent higher management or individuals aspiring to higher management, might explain the difference.

The more highly educated and college educated groups gave similar ratings to the concept Customers, but it was the less educated group which gave the concept the highest rating. This probably can be explained by the fact that it is the less educated group which, for the most part, must deal directly with the customer.

Both the less educated and the highly educated groups valued the concept My Company more highly than the college educated group. The reason for this difference is not readily understandable. One guess might be that a number of the managers in the college educated group included in this sample have reached that point in their lives where they are questioning the wisdom of the careers they have chosen. Comments of this nature came out in several interviews, but are not substantiated by other indicators such as job satisfaction scores.

f. Years with the company. Seven significant differences were noted between classifications of this variable and the ranking of value concepts. The under two years group figured in two of the differences by placing less importance on Trust and Organizational Stability. The lower ranking on Trust can perhaps be attributed to their lack of familiarity with the organization, and that for Organizational Stability to the fact that they are looking forward to advancement and one of the surest ways is organizational change. Predictably,

managers with over 30 years with the company place highest importance on Organizational Stability.

Managers with over 30 years also placed more importance on the concept Stockholders. They were followed closely in their valuation by managers in the 10-30 years groups. Managers in the over 30 years group also placed the highest importance on Security, but shared their emphasis with managers in the 3-5 years group. The emphasis of this latter group is thought to be associated with the fact that this period normally includes that point where the manager reaches his first serious crossroad concerning his career. It would be during this period that he decides to stay with the company, and one of the more important reasons for staying with New York Telephone (emphasized by the company) is security.

Managers with under five years and over 20 years with the company place the highest importance on Caution. These two groups probably represent both ends of the spectrum — those who want to stay out of trouble because they are just starting out, and those who want to stay out of trouble because younger men are pushing, and retirement is not that far away.

The rating of Cooperation is different than expected by the researcher. Managers in the 11-15 years group placed less importance on it than any of the other groups. The only explanation the researcher can offer is that this seems to be the point, judging from conversations with different

managers, that as individuals they seem to extend themselves most to succeed. It could be at this point in his career the individual is most strongly convinced that success relies primarily on his individual efforts.

None of the managers valued the concept Power too highly, but of the different groups, the 6-10 years group seemed to place the most importance upon it. It might be that at this point they are beginning to aspire to the levels for which they strive in the 11-15 year period.

g. Yearly income. The five differences accounted for by the variable yearly income all reflect emphasis on concepts by managers at the lower end of the income scale. In three of the five cases these same differences are seen reflected in differences accounted for by classifications of organizational level, while two are not.

The three mirrored by organizational level are Security, Employee Welfare, and Caution. For these three concepts, the higher the manager's income or organizational level, the less importance he attaches to these concepts. The apparent reasons for these valuations are the same as have been proposed for the differences accounted for by organizational level classifications. Although a generalization, it would seem the more successful an individual, the more confidence he appears to have. Insofar as Employee Welfare is concerned, we see an interesting deviation. Emphasis decreases with each increase in salary level until we hit the $30,000 level.

At this and higher levels, there seems to be renewed emphasis upon this concept. One might conclude that once a certain level of success and affluence is achieved, sensitivity to Employee Welfare is reawakened.

With the concepts Social Welfare and Compromise, the differences between yearly income and behavioral relevance scores are not significantly reflected with the variable organizational level. Managers earning less than $12,000 per year place the highest importance on both concepts; however, whereas for Social Welfare the emphasis decreases as income increases, managers in the $12-15,000 bracket place lower importance on Compromise than managers in the $15-25,000 group. The only possible explanation that the researcher can offer for the valuation of Compromise is that managers in the $12-15,000 group do a good part of the battling with the unions. Serious issues are normally resolved between their superiors and union officials, and quite often end in some sort of a compromise. Such compromises are generally resented by the foremen, who view them as erosion of their authority.

h. Age. Four significant differences were noted between the behavioral relevance scores of the value concepts and the classifications of the variable age. Younger managers (under 30 years) seem to place higher importance on the concepts Influence and Conflict, and less importance on the concepts Organizational Stability and Owners. Managers over

50 years of age appeared to value Organizational Stability highest, a rating which is reflected in equal emphasis given the concept by managers with over 30 years with the company, and individuals with over 20 years' total time as managers. The emphasis of young managers on Conflict is reflected in the high rating given that concept by individuals with less than two years' total time as managers.

The researcher is of the opinion that the ratings on Organizational Stability, Conflict, and Influence might reasonably be expected. It is not known, however, whether the low emphasis on Owners can simply be attributed to the fact that the young have not had sufficient time to accumulate holdings of their own, thereby identifying more closely with the concept of ownership, or if this is perhaps an indication of the so-called generation gap. This would be a tempting conclusion, based upon the commune philosophy adopted by some students and given so much attention in the popular press. However, such a conclusion hardly seems to be warrented. On the contrary, the researcher feels obliged to point out that there appears to be no evidence of the generation gap in the data.

i. Total time as a manager. Eight significant differences were noted between behavioral relevance scores for value concepts and the classifications of the variable total time as a manager. Four of these differences were reflected in

similar significant differences for the variable years with the company. Managers with less than five years and over 30 years' experience as managers placed the most emphasis on Security. This emphasis was also apparent in years with the company. Organizational Stability was considered more important by individuals with over 20 years as managers, whereas managers with the company for over 30 years gave it the highest rating. Many of these respondents are the same individuals, having spent time at the craft level before being promoted to management. The same holds for the rating of Stockholders and Caution. For the former, individuals with less than five years as managers placed less importance upon it, while for the latter, individuals with less than five but more than 20 years as managers assigned it the highest importance.

Not reflected by the years with the company variable were significant differences in the ratings of Prejudice, My Co-Workers, Labor Unions, and Conflict. Individuals with less than two years and more than 30 years' experience as managers seemed to place less importance on Prejudice, while those with 21-30 years' experience seemed to place highest importance on it. Individuals with 16-20 years' managerial experience seem to place the most emphasis upon My Co-Workers, while individuals with less than 15 years' experience seem to place less importance on Labor Unions. The emphasis on Conflict by individuals with less than two years' managerial experience

was not seen in years with the company, but was observed for managers under 30 years of age.

Based upon different conversations with various managers in New York Telephone the researcher cannot help but wonder if the higher rating of Prejudice by the 21-30 year group does not reflect that at this point in their careers many managers realize that they have progressed as far as they ever will within the organization, and Prejudice might be a rationalization of why they had not/are not going further. It might also be that by the time they reach 30 years, the wisdom that comes with experience has enabled them to assess the situation with more objectivity. The lower importance assigned to Labor Unions by individuals with less than 15 years' managerial experience is interpreted to reflect the fact that these are the individuals who must deal with the unions on a daily basis.

j. Time in present position. This variable was included because the researcher observed that a number of managers with whom he talked had been in their present positions for what seemed unusually long periods of time. He wanted to see, therefore, if any significant differences might be attributed to this factor. Three significant differences were noted with this variable.

Managers with over three years in their present positions seemed to consider Aggressiveness less important than those with less time in their positions. Those in their present

positions for less than one year seemed to place less emphasis on Prejudice, and managers in their present positions for less than one and over five years seemed to place greater importance on My Company. Primarily because of personal convictions, the researcher would tend to consider the rating of Aggressiveness the most significant in this group. It was his impression throughout the study that the interests of the company and those of its managers might be better served if there were more shifting around of personnel. Except in unusual circumstances, it would seem that anyone in the same position for more than five years would tend to go somewhat stale.

k. College major. Only two significant differences were noted between the behavioral relevance scores of value concepts and the classifications of the variable college major. These differences involved the concepts Conformity and Equality. Science majors seemed to give Conformity the lowest rating, which appears consistent with the nature of scientific education. Also, one cannot be too surprised by the fact that Math and Engineering majors seemed to place low importance on Equality. What is surprising, however, is that Business Administration majors also rated Equality low. One tends to group Business Administration with the Social Sciences, which assigned the highest rating to Equality, but apparently this is not justified.

4. HYPOTHESIS 4

There is no statistically significant relationship between personal and organizational variables and organizational (operative) goals.

As anticipated, we must reject this hypothesis. In analyzing the data 81 significant differences were noted between personal and organizational variable classifications and the behavioral relevance scores of the goals. Thirteen of the differences were accounted for by organizational variables, and 68 of the differences by personal variables.

a. Organizational variables. Organizational level, previous work in other departments, present department, company management training program, number of employees directly supervised, and number of employees under overall supervision accounted for the differences in the rating of the goals. No differences were accounted for by previous work in the three major line departments, line-staff position, nor geographical area.

(1) Organizational level. First level managers seemed to place greater importance on the following goals:

(a) GE-3 (Plan and Provide Equipment and Means for Best Possible Service) — 2nd ranked goal.

(b) GE-7 (Minimize Customer Complaints to PSC) — 11th ranked goal.

(c) P&S-7 (Value Employees as Individuals and Members of Team) — 6th ranked goal.

(d) P&S-14 (Job Security) — 19th ranked goal.

NOTE: the identifiers GE and P&S represent General Efficiency and People & Society — designators which are utilized in Part III of the questionnaire.

The apparent internalization of these four goals by first level managers seems to owe its origin to four different motivations. First, their apparent stress on the second ranked goal (which is consistent with the first ranked official goal) appears to stem from the company's emphasis upon this goal, and their personal convictions that the company is not investing the capital that is needed to upgrade service to the levels desired. It, therefore, combines a straightforward with a reverse twist motivation. The latter motivation was arrived at by the researcher after numerous conversations with first level managers. In fact, all levels of management appeared concerned with the amount of investment required to upgrade service. However, it is the first level managers who are closest to the equipment and who feel the need most acutely.

The emphasis on minimizing customer complaints to the Public Service Commission, an emphasis which was shared by second level managers, seems to stem from the fact that these are the individuals who are under the gun, who catch blazes when complaints are made. These are the men and women who have to ensure that the situations causing the complaints are rectified.

The emphasis on respect as an individual and team member is thought to be a fairly common manifestation among lower echelon members of large organizations.

The emphasis on job security seems directly related to the previously established valuation of security by lower level, less educated managers. As a group, these men are more apprehensive and less sure of themselves and their ability to gain employment in the outside job market.

(2) Previous work in other departments. The more other departments a manager has worked in, the more he seems to value the following goals:

(a) GE-3 (Plan and Provide Equipment and Means for Best Possible Service) — ranked 2nd.

(b) GE-4 (Earn Highest ROR the PSC will Permit) — ranked 16th.

(c) P&S-13 (Remain Ethical in Dealings with the Community) — ranked 15th.

The valuations of these goals appear to reflect the broader perspectives of managers who have approached the problems of the company from the viewpoints of planners, freed from the pressures of daily operating decisions. They recognize the importance of investing in improved service, of raising the rate of return to facilitate this action, and in maintaining the confidence of the general public so that the company might operate without increased intervention by regulatory agencies.

(3) Present department. Managers in the three line departments appear to place higher importance on the goal GE-2 (To Provide the Best Possible Service to the Customers).

Since this is the first ranked official as well as operative goal, its high rating by the three major line departments seems to indicate that the organization is proceeding in the prime direction desired.

The other goal, GE-12 (To Achieve Service Indices which are Competitive with those of other Companies in the Bell System), was valued more highly by managers in the Traffic Department. The higher valuation of this 21st ranked goal by Traffic managers appears to reflect the primary service mission of this department. What is interesting to speculate about, however, is why this concern shows up in a desire to be competitive with other companies, especially when one recalls that this same department placed higher valuation on Rational and Caution.

(4) Company management training program. Graduates of the Initial Management Training Program (IMDP) placed lower importance on two goals than non-graduates. These goals were GE-7, the 11th ranked goal dealing with minimizing customer complaints to the PSC, and P&S-14, the 19th ranked goal dealing with job security. Since the IMDP program has only been in existence about eight years, its graduates range in experience from one to eight years. All are college graduates. Their lack of emphasis on minimizing complaints to the PSC probably reflects the fact that except for the few in the first year with the company, none of these managers are working as first level managers. Their low emphasis

on job security likewise is probably a reflection of their relative youth and college educations.

(5) Number of employees directly supervised. Those managers directly supervising five or less employees placed greater importance on the goal P&S-11 (Provide Jobs within the Community) than managers directly supervising larger numbers of employees. This rating seems to coinincide with a similar rating by managers earning under $12,000. What it probably reflects is the presence in this group of individuals technically classified as management, but performing supportive roles which do not require them to oversee the efforts of large numbers of employees. This supposition, however, is not reinforced by a similar rating with the variable, number of employees under overall supervision.

(6) Number of employees under overall supervision. The more employees under a manager's overall supervision, the less importance he/she seemed to place on P&S-14, the goal dealing with job security. This finding is consistent with observations about the value concept Security.

b. Personal Variables. Sixty-eight significant differences were noted between personal variable classifications and the behavioral relevance scores assigned to goals. As with value concepts, the largest numbers of significant differences were attributed to primary orientation (18) and sex (13). All of the remaining variables accounted for three or more differences.

(1) Primary orientation. Figure 32 presents the 18 goals for which significant differences were accounted for by primary orientation classifications. As can be seen from the figure, moral-ethical orientations placed higher importance on 14 goals (shared with affect orientations on three of the goals), pragmatic orientations placed higher importance on two of the goals and affect orientations on five of the goals.

With the exceptions of GE-2 (Service) and GE-9 (AT&T Dividends), the goals valued by moral-ethical orientations appear to be primarily employee and society oriented. The same is true for affect orientations. Pragmatic orientations, however, are a different story. The two goals valued highest among those which had significant differences, GE-4 (Rate of Return) and GE-5 (Service Indices), are very concrete, business oriented goals. Also, every one of the 12 goals rated low importance by pragmatic orientations deal with employees or society — none pertain directly to "business".

(2) Sex. In light of the high importance placed on 26 of the 28 value concepts for which significant differences were noted between behavioral relevance scores and the classifications male and female, the relative rankings of goals come as little surprise. Of the 13 significant differences noted, female managers placed higher importance on every single goal. These goals were:

FIGURE 32

SUMMARY OF GOAL DIFFERENCES ACCOUNTED FOR BY PRIMARY ORIENTATION

GOALS RANK	DESCRIPTION	MORAL-ETHICAL	PRAGMATIC	AFFECT
1. GE-2	Provide Best Possible Service....................	X		O
3. P&S-4	Promote on Achievement and Capability.................	X	O	
4. P&S-5	Develop Employees..........	X	O	X
6. P&S-7	Value Employees as Individual and Members of Team....	X	O	X
7. P&S-12	Fair Treatment and Respect as Individuals............	X	O	
9. P&S-2	Equitable Employee Compensation....................	X	O	
14. P&S-1	Provide Emergency Services to Community..............	X	O	
15. P&S-13	Remain Ethical in Dealings with the Community.........	X	O	X
16. GE-4	Earn Highest ROR the PSC will Permit................		X	O
17. P&S-9	Pay Comparable with other Firms in the State.........	X	O	
18. GE-5	Service Indices............		X	O
19. P&S-14	Job Security..............		O	X
22. P&S-6	Protect Environment........	X	O	
23. P&S-15	Satisfy Hygenic Factors....	X	O	
24. GE-9	Con ribute to AT&T Dividends	X		O
25. P&S-11	Provide Jobs in the Community.......................	X		O
26. P&S-8	Assist Disadvantaged.......	X		O
27. P&S-3	Participate in Community Activities.................		O	X

This figure depicts the 18 goals for which statistically significant differences were noted between behavioral relevance scores and primary orientation classifications. X denotes a higher ranking, while O denotes a lower ranking. Where the rankings of the orientations were very close, both were assigned an X.

* GE-4 (Earn Highest ROR) — ranked 16th overall
* GE-6 (Earnings Growth) — ranked 12th overall
* GE-9 (AT&T Dividends) — ranked 24th overall
* GE-10 (Profits Competitive with other Bell System Companies) — ranked 20th overall
* GE-12 (Service Indices Competitive with other Bell System Companies) — ranked 21st overall
* P&S-2 (Equitable Employee Compensation) — ranked 9th overall
* P&S-6 (Protect Environment) — ranked 22nd overall
* P&S-8 (Assist Disadvantaged) — ranked 26th overall
* P&S-9 (Pay Comparable with other Firms in State) — ranked 17th overall
* P&S-10 (Recognize Innovation and Achievement) — ranked 8th overall
* P&S-11 (Jobs in Community) — ranked 25th overall
* P&S-14 (Job Security) — ranked 19th overall
* P&S-15 (Satisfy Hygienic Factors) — ranked 23rd overall

In examining these goals we might first note their relative rankings. The highest ranked goal was eighth (P&S-10) and the lowest ranked goal was 26th (P&S-8). Two of the goals were in the first category, maximization criteria, five were in the second category, associative status, all four of the intended category were included, and the remaining two were low relevance goals.

The content of the goals ranged from emphasis on the rate of return earned by the company to protecting the

environment and aiding the disadvantaged. In attempting to analyze the significance of these ratings one cannot help but notice this wide variety of emphasis, and apparent lack of pattern. What seems to exist here is further indication that women are more successful at internalizing not only the values of an organization, but also its goals. It must be remembered that male managers did not place significantly higher importance on a single goal, while the higher emphasis of females was significant for 13 goals. Female managers, at the very least, appear more aware of contemporary issues, seem to have internalized the official goals of the organization more completely than male managers, and seem more concerned over issues dealing with employee welfare.

(3) Time in present position. Six significant differences were noted between the behavioral relevance scores of the goals and the classifications of this variable. In one manner or another, all of the differences reflected lower ratings of the goals by managers with less time in their present positions.

Goal GE-9 (Contribute to AT&T Dividends) received a lower ranking by managers who have been in their present positions for less than five years. Goal P&S-2 (Equitable Pay) was considered less important by managers with less than one year in their present position. On the same theme as P&S-2, goal P&S-9 (Comparable Pay) was also considered

less important by managers with less than one year in their present positions.

Managers with over three years in their present positions, on the other hand, placed higher importance on P&S-13 (Remain Ethical in Dealings with Community), P&S-14 (Job Security), and P&S-15 (Satisfy Hygienic Factors).

The apparent lack of emphasis of managers relatively new to their positions on goals dealing with pay might reflect the fact that they may have received increases on assuming their new jobs; that they find the task of mastering a new job so challenging, pay is a secondary consideration; or, more probably, a combination of these points. These considerations would also go along with their lower ratings of the job security and hygienic factors goals.

The higher emphasis of long term position holders on the importance of remaining ethical in dealings with the community might well indicate that the longer a manager is in a position, the greater is his concern for the community he serves. The higher emphasis on AT&T dividends by managers in their present positions for over five years is thought to reflect the fact that individuals falling in this category are more apt to be long service foreman, many of whom are AT&T stockholders. This same emphasis is apparent with the latter group.

(4) Years with the company. Three significant differences were noted in goal rating and classifications of

this variable. For some reason which is unexplainable by the researcher, managers in the 6-15 years categories place less importance on goal GE-2 (Best Possible Service) than managers with less or more service. Managers with over 30 years and those with under five years appear to place the highest importance on this goal. Perhaps it is that the younger group has been more receptive to the company's renewed emphasis on service, and the over 30 years group represents the "old time telephone men" who, according to them and some retired managers interviewed, took great pride in the quality of telephone service provided by the company.

The longer a manager has been with the company, the more highly he appears to value goal GE-4 (Highest Rate of Return the PSC will Permit). This emphasis is also apparent in the valuations of the goal according to age and AT&T stock ownership. It is difficult to state whether this emphasis comes with longevity, or is indicative of a new breed of manager. If the latter is the case, New York Telephone will have a difficult road ahead.

A similar trend was noted in the rating of goal GE-6 (Earnings Growth). In the valuation of this goal managers with over 30 years with the company gave it the highest rating, while managers with under five years' service gave it the second highest rating.

(5) Total time as a manager. Three significant differences were noted between the rating of this goal and the

classification of the variable. Reflecting somewhat the rating of GE-2 by years with the company, managers with 11-15 years' managerial experience placed less importance on GE-7 (Minimize Customer Complaints). Managers with less than five years' managerial experience, contrary to their valuation of earnings growth, placed less importance on GE-9 (Contribute to AT&T Dividends). Finally, individuals with 6-15 years as managers placed less importance on P&S-14 (Job Security).

It is suggested that the apparent contradiction of the low rating of GE-9 by managers with under five years' experience might reflect a belief by these individuals that company earnings should be reinvested in the company. This suggestion is based upon conversations held with younger managers.

The low rating of P&S-14 by individuals with 6-15 years as managers is consistent with the rating of the value concept Security. Apparently managers at this point in their careers believe they are at the peak of their abilities, that they do not have so much invested in the retirement program that they could not walk away from it, and that they can compete in the job market.

(6) Yearly Income. Four significant differences were noted between the rating of the goals and the classifications of this variable. In all of these differences, managers earning less than $12,000 placed more importance on goals than managers earning higher salaries.

Managers with yearly incomes under $12,000 placed more importance on GE-7 (Minimizing Customer Complaints), P&S-11 (Jobs in the Community), P&S-14 (Job Security), and P&S-15 (Satisfy Hygienic Factors). The motivations behind these ratings appear to be straight-forward. With 94.9% of this group composed of female managers, the ratings are similar to those of goals by sex classification. The one exception is the rating of GE-7, which was rated similarly by male and female managers.

(7) Level of formal education. As with the discussion of value concept differences associated with this variable, three different classifications were used: less educated (grade school, some high school, and high school); college educated (some college and college degree); and highly educated (some graduate work, graduate degree, and work beyond masters degree). Of the six significant differences noted, every goal received less emphasis by the highly educated group.

Goal GE-3 (Plan and Provide Means for Best Service Possible) was rated highest by the college educated group; GE-7 (Minimize Customer Complaints) was rated highest by the less educated group; GE-11 (Decrease Operating Costs Through Greater Efficiency) was rated highest by the college educated group; P&S-5 (Develop Employees) was rated highest by both the college educated and the less educated group; P&S-8 (Assist Disadvantaged) was rated highest by the less educated

group; and P&S-14 (Job Security) was rated highest by the less educated group.

The high rankings by the less educated group appear to be consistent with what has already been discussed; however, the apparent low emphasis by the highly educated group on goals GE-3, GE-11, and P&S-5 is not so obvious. The researcher can offer no explanation for these low ratings, since he was unable to identify and interview members of this group. This was a penalty of ensuring anonymity for the respondents.

(8) College major. Three significant differences were noted between the rating of goals and the classifications of this variable. Science and Math majors placed most importance on P&S-2 (Equitable Pay); Liberal Arts, Business Administration, and Science majors placed the highest importance on P&S-5 (Develop Employees); and Engineering, Science and Math majors placed the highest importance on P&S-10 (Recognize Innovation and Achievement).

(9) Age. Based on what has been discussed previously, there were no surprises in the three significant differences noted between the rating of goals and the classifications of age. Managers under 35 years of age placed less importance on GE-4 (Rate of Return) and GE-6 (Earnings Growth), while managers 55 years of age and older placed higher importance on P&S-8 (Assist the Disadvantaged).

What was perhaps a mild surprise was that the younger managers, as a group, placed the lowest emphasis on P&S-8. At the start of the study it was suspected that this goal might possibly give some indication of a generation gap, but this definitely was not the case.

(10) AT&T stock ownership. Six significant differences were noted between the rating of the goals and the classifications of this variable. Stockholders placed higher importance on GE-4 (Rate of Return), GE-6 (Earnings Growth), GE-10 (Profits Competitive with other Bell Companies), and P&S-14 (Satisfy Hygienic Factors). Non-stockholders, on the other hand, placed higher importance on GE-2 (Best Possible Service) and GE-5 (Service Indices).

Stockholders appeared interested in increased dividends; however, in the absence of similar emphasis on goals dealing with productivity, one cannot help but wonder how much more effort than non-stockholders they would be willing to expend in pursuing the profit goals. The emphasis of non-stockholders on service is an interesting development which, along with the lower emphasis on the profit goals, could indicate a lack of concern over profit and loss considerations. Further investigation along these lines might be warranted for the company — with the thought of perhaps making investment in AT&T stock more attractive for its managers.

(11) Job satisfaction. The three significant differences noted between the rating of goals and the three categories of

job satisfaction are interesting from the viewpoint that the middle 50% placed the least importance on each of the goals.

Managers in the high satisfaction group placed highest importance on GE-7 (Minimize Customer Complaints); those in the low satisfaction group placed highest importance on GE-11 (Decrease Operating Costs Through Greater Efficiency); and both high and low satisfaction groups placed the highest importance on P&S-5 (Develop Employees).

The emphasis of high satisfaction managers on minimizing customer complaints appears to be what it seems. The emphasis by low satisfaction managers on GE-11 and P&S-5, however, might be further manifestations of the previously discussed reverse twist. Conversations with managers in this group gave the researcher the impression that these managers (particularly first level managers) believed that the company did not devote enough attention to training, particularly technical training for foremen. The emphasis on decreasing operating costs, on the other hand, might well be a reaction by lower level managers to what they believe is an ever present emphasis on efficiency.

5. HYPOTHESES 5 & 6

There is no difference in the valuation of operative goals between highly effective and less effective sub-units.

There is no statistically significant difference in the personal value systems of managers of highly effective and less effective sub-units.

As expected, significant differences were observed in the rating of value concepts and goals by comparable sub-units. Therefore, the hypotheses cannot be accepted.

The extent and nature of the differences, however, did not approach what the researcher would have desired, particularly with the goals. In retrospect, it appears that the researcher was looking for vernier control from an instrument designed for gross measurement. Specificity had to be forsaken in the selection and wording of the goals on the questionnaire so that they would be sufficiently universal to be meaningful to the broad range of managers in New York Telephone. As a result, the instrument was not as sensitive to differences in comparable sub-units as was needed to perform a meaningful analysis.

a. <u>Bronx Commercial</u>. This analysis, which had as its objective the identification of significant differences between the highly effective Southern District and the less effective Northern District, provided minimal insight into the two sub-units.

Using the "other" category of managers as a control group, significant differences were noted for only three value concepts and one goal. "Other" managers placed the highest importance on concepts Trust and Autonomy, and on Goal GE-1 (Productivity Indices). Managers from the high performing Southern District placed the least importance on Trust and Autonomy, while those of the Northern District

gave the lowest rating to the goal dealing with productivity indices. The value concept Organizational Growth was rated highest by Northern District managers, while the Southern District gave it the lowest rating. In line with this last rating, it might be of interest to note that the Northern District had experienced the greatest growth of any of the Districts in the Division.

Although significant differences do not reveal much, an analysis of goals which differ by more than five relative ranking places does provide some insight. Figure 33 presents this information and contrasts it with the overall rankings of the goals by the total sample of New York Telephone managers. Notice that the Southern District appears to place higher importance on goals dealing with profits (GE-10 and GE-9), productivity (GE-1), and pay (P&S-9), while the Northern District appears to place heavier emphasis on employee (P&S-7, P&S-12, P&S-10, and P&S-15) and society (P&S-1, P&S-13, and P&S-6) centered goals. The greater emphasis placed upon P&S-6 (Assist the Disadvantaged) by the Southern District managers might well reflect the significantly larger proportion of members of this socio-economic group residing in the area served by the Southern District.

Further examination of goals not included in Figure 33 reveals a consistent relative emphasis on productivity by Southern managers, while Northern managers are equally consistent in their emphasis on employee centered goals.

FIGURE 33

COMPARATIVE RANKING & BEHAVIORAL RELEVANCE SCORES OF GOALS

GOALS		OVERALL COMPANY	NORTH	SOUTH
GE-10	Profits Competitive with other Bell System Companies..	20/31%	21/22%	14/42%
P&S-7	Value Employees as Individuals and Team Members........	6/42%	15/33%	6/50%
P&S-12	Fair Treatment and Respect as Individuals...............	7/41%	4/56%	12/42%
P&S-10	Recognize Innovation and Achievement..................	8/41%	10/44%	19/33%
GE-1	Productivity Indices.........	10/39%	22/11%	17/33%
GE-7	Minimize Customer Complaints to PSC......................	11/39%	6/44%	15/42%
P&S-1	Provide Emergency Services to Community.................	14/37%	18/33%	25/17%
P&S-13	Remain Ethical in Dealings with Community...............	15/36%	16/33%	22/25%
P&S-9	Pay Comparable with other Firms in the State...........	17/35%	19/22%	11/42%
P&S-6	Protect the Environment......	22/27%	13/33%	23/25%
P&S-15	Satisfy Hygenic Factors......	23/26%	11/44%	16/42%
GE-9	Contribute Proportional Share to AT&T Dividends............	24/25%	23/11%	10/42%
P&S-8	Assist the Disadvantaged.....	26/18%	27/ 0%	20/25%

This figure presents a comparison of the relative rankings and behavioral relevance scores of goals by managers in the North and South Bronx Commercial Districts. To be included in this figure, a goal had to differ by at least five places in the relative rankings of the two districts.

Although the conclusion is not statistically borne out, it appears to the researcher that managers in the Southern District, on the basis of their relative goal ordering, are definitely more productivity oriented than their counterparts in the Northern District. Another interesting aspect of the goal ranking is the relative spread in behavioral relevance scores between the highest ranked and lowest ranked goals. For the Northern District the range was 0-67%, as opposed to a range of 8-67% for the South and 13-50% for the company overall. In Chapter I it was suggested that the relative range of scores on the goals might be indicative of agreement on goals by managers within the sub-unit. If such a notion has validity, slightly greater agreement on goals would be indicated for the Southern District. In the ranking of values, although both districts differed considerably from the ranking of the overall sample, the Northern District appeared to come closer to the company ranking than did the South. This leads to the thought that perhaps the statement made in Chapter I suggesting that the more highly effective units would be more successful at internalizing company values is in error. Perhaps what makes a unit stand out as more effective than others is the fact that its values are somewhat different than those of the aggregate. This, it would seem, would probably depend upon the organization being examined, as well as the magnitude and direction of the differences.

b. <u>Bronx Plant</u>. The results of this analysis are not at all clear cut. There are no recognizable trends in the valuation of goals by either group. The only trend that the researcher has been able to identify concerns values. The construction managers appear to have a "harder" value system than other Plant Department managers.. Considering the fact that this analysis was undertaken to try to provide some insight into why relations between union members and construction managers were so much more harmonious than between other Plant managers and the union, this finding is somewhat surprising.

Since the only indication that differences exist between the two groups of managers is rooted in their respective value systems, the researcher suggests that a partial explanation might be that the value systems of the construction managers and the union members are more similar than are those of the other Plant managers and union members. It is further suggested that this similarity of value systems might well lead to greater trust and mutual respect between labor and management.

6. OFFICIAL VS OPERATIVE GOALS

The official goals of New York Telephone for 1972 were introduced in Chapter III and are presented in abbreviated form in Figure 34. This figure also depicts the association between official and operative goals. Official goals are presented in order of importance assigned to the goals by the company, while the numbers preceding the operative goals

FIGURE 34

OFFICIAL/OPERATIVE GOALS

OFFICIAL GOALS	OPERATIVE GOALS
1. Increase level of service to where service in New York City is on a par with other major cities, with comparably good or better service elsewhere in the State...	1. GE-2: Provide best possible service... 18. GE-5: Achieve minimum acceptable levels (or better) on service indices... 21. GE-12: Achieve service indices competitive with other Bell System companies...
2. Rate of return and earnings per share as high as service objectives will permit with an improving trend...	5. GE-11: Decrease operating costs through greater efficiency... 10. GE-1: Achieve minimum acceptable levels (or better) on productivity indices... 12. GE-6: Earnings growth... 16. GE-4: Earn highest ROR the PSC will permit... 20. GE-10: Profits competitive with other Bell System companies... 24. GE-9: Contribute to AT&T dividends...
3. Service -- adequate construction expenditures...	2. GE-3: Plan and provide equipment and means for best possible service...
4. Make the company a place where both present and prospective employees <u>want</u> to work in the broadest sense: salaries, training, good supervision and leadership; equal opportunity employment and clear direction and	3. P&S-4: Promote on achievement and capability... 4. P&S-5: Develop employees... 6. P&S-7: Value employees as individuals and team members... 7. P&S-12: Fair treatment for employees and respect as in-

FIGURE 34 (cont'd)

OFFICIAL GOALS	OPERATIVE GOALS
assistance in advancement for any employee with the capability and desire, demonstrable by action at all levels...	dividuals... 8. P&S-10: Recognize innovation and achievement... 9. P&S-2: Equitable employee compensation... 17. P&S-9: Pay comparable with other firms in the State... 19. P&S-14: Job security... 23. P&S-15: Satisfy hygenic factors...
5. A public, employee, and political relations policy that will re-establish confidence in the company...	14. P&S-1: Provide emergency services to the community... 15. P&S-13: Remain ethical in dealings with the community... 27. P&S-3: Participate in community activities...
6. A re-designed corporate organization structure...	
7. A direct and positive relationship with the PSC...	11. GE-7: Minimize customer complaints to the PSC...
8. Improved definition of market niche, competitive strategy and capability...	13. GE-8: Be competitive with other companies in the communications industry...
9. In all matters, a return to Bell System quality standards...	

This figure presents the official goals of New York Telephone for 1972 in the order of priority placed upon them by company officers. Opposite the official goals are the operative goals identified by the researcher. The numbers preceding the operative goals reflect the relative ratings of the goals by New York Telephone managers.

indicate the relative importance placed on them by managers participating in this study.

From the figure several trends become quite apparent. First, the number one and two ratings given goals associated with service oriented goals 1 and 3 seem to indicate that New York Telephone managers have recognized the importance of these goals and have succeeded in internalizing them. The relatively low rankings of GE-5 (18th) and GE-12 (21st), however, seem to indicate that some resistance still exists within the organization to the service goal.

Official goal 4, the employee centered official goal, received extremely high importance ratings. Six of the nine operative goals placed in the maximization criteria category concern themselves in one manner or other with this goal. Had any of these goals appeared in the first or second place of the operative goals hierarchy, the researcher would have concluded that employee welfare was the most important goal of New York Telephone. As it is, employee welfare appears to be a very close second to service.

The profit oriented goals represented by official goal 2 appear to be a mixed bag. If one agrees with the researcher that GE-11 (Decrease operating costs...) should be associated with official goal 2, only one of the nine maximization criteria represents the second ranked official goal. Four of the profit oriented operative goals fall into the associative values category, and the remaining goal (Contribute to AT&T

dividends...) is the lowest ranked intended goal. There is no doubt that official goals 3 and 4 far out-weigh official goal 2 in the minds of the managers sampled.

Official goal 5 clearly belongs in the associative status category. One could surmise that, at the present time, this goal would not cause alternatives or courses of action to be generated, but would be used to check or test the satisfactoriness of proposed actions. All other things being equal, it could be the deciding factor in selecting one course of action over another.

Official goal 6 is not reflected in the operative goals because the researcher saw no evidence of its existence when he studied company operations and interviewed managers. As pointed out in Chapter III, however, this goal may prove singularly important in the proximate future. In order to meet the challenge of increased competition which appears inevitable, the company may well have to divide its operations into two elements: a public utilities unit consisting of the long distance network and installed plant equipment, and an element capable of aggressively selling equipment and service to private subscribers.

Official goal 7 also appears to be an associative status goal with the primary function of testing alternatives. It might be noted that this is one of the more important (2nd ranked) associative status goals.

Official goal 8 is also recognized as one of the more important (4th ranked) associative status goals. Recognizing that the emphasis on goals changes over time, it is suggested that as competition becomes more keen and progress is made on up-grading service, this goal and the profit oriented goals will probably ascend into the maximization criteria category -- that is, they had better move into that area if the company is to prevail over the competition.

There are no operative goals associated with official goal 9, because the researcher does not recognize this goal as being valid. It appears to be a catch-all, "in case we have overlooked anything" goal which is frequently employed by large organizations.

7. <u>GENERAL</u>

It is difficult to assess how great an impact the strike, which ended February 18, 1972, had on this study. The researcher is of the opinion that it detracted from the overall responses; a thought which is prompted by the trickle of completed questionnaires which began coming in shortly after the strike had ended. Certainly there is no doubt that the strike put a severe crimp in the schedule of intereviews which the researcher had planned.

At this point the researcher feels obliged to make two observations which might be of assistance to any future researcher who might read this study and contemplate a similar investigation. First, the interview is a potent

tool and should be used as much as possible. Second, the researcher found the follow-up letter, mailed approximately 10 days after distribution of the questionnaires extremely helpful and recommends its use.

Appendix I provides a copy of the letter used in the research.

Now that the study has been completed the researcher is more convinced than ever of the merit of Professor England's methodology. To illustrate why this has been stated, the researcher would like to relate one incident which occurred during the course of the study.

The researcher had spent a considerable amount of time observing one organizational unit composed of 50 managers and 425 craft personnel. At one time or another he had talked with a majority of the managers, and from time to time would return to the unit, have lunch with some of the managers and discuss current happenings in the company. On one such occasion the researcher was informed by the manager in overall charge that he had replaced one of his second level managers. The announcement was not a complete surprise to the researcher, but with his interest piqued, he probed more deeply to find the reasons for the action. The manager confided that he found the subordinate ineffective, incapable of making necessary decisions, prone to "buck-passing," and unable or unwilling to participate in face-to-face confrontations with his peers or subordinates. The manager talked

at length about the issue because he personally liked the individual he had removed and was troubled about the financial and emotional hurt he had caused.

When the researcher returned to his office that afternoon he reviewed the questionnaire which had been completed by the transferred manager and discovered some interesting information. The replaced manager was the only affect orientation in that organization. Also, he was the only individual in the entire study who, discounting mixed orientations, did not have a single operative goal in the maximization criteria category. A further review of his questionnaire provided a picture which was remarkably consistent with the picture painted by his superior and the personal observations of the researcher.

8. SUMMARY

The overall moral-ethical primary orientation of New York Telephone managers, while not initially hypothesized, appears to be consistent with the general philosophy observed by the researcher throughout the company. Why this should differ so significantly from England's survey is not known for certain, but is believed partially due to differences in the composition of the respective samples, and perhaps to the fact that individuals of this orientation might be attracted to a utilities firm. Such an orientation might well be prevalent for most utilities companies.

The upgrading of telephone service appears to be the goal possessing the greatest behavioral relevance for New York Telephone managers, followed closely by employee welfare oriented goals. Profit oriented goals appear to be a distant third in importance to service and employee welfare.

The organizational variable which seemed to account for the most significant differences appeared to be organizational level — a finding which is consistent with popular theory. As first observed by England, personal variables accounted for many more differences than did organizational variables. Primary orientation accounted for the most differences, followed by sex. Female managers appear to internalize both values and goals to a much greater degree than male managers.

The chief source of conflict which the researcher recognizes as existing now, and which appears destined to reach greater intensity, is the lack of importance attached to profit oriented goals by the managers. In order to remain a viable organization, more and more emphasis will have to be placed on these goals by higher level management and they are expected to be met with significant resistance. Service and employee welfare goals now reign supreme, and the transition to profit-conscious operation will undoubtedly prove a rocky road.

CHAPTER VII

CONCLUSIONS

1. The overall orientation of New York Telephone is moral-ethical. This conclusion, based upon a sample of 360 middle and lower managers, differs significantly from England's [1967a] survey of American managers, in which a majority of the respondents had pragmatic primary orientations.

Data are not available to support the supposition, but it is suggested that individuals with moral-ethical primary orientations might well be more attracted by utilities companies or by government, than by employment with firms in the more competitive industries. This notion is based, in part, on England's [1968a,b] studies of Naval Officers and Military Administration, which also found moral-ethical orientations to predominate.

It is further suggested that individuals who did not originally possess moral-ethical primary orientations upon joining the firm, might well have gradually adopted this orientation after being exposed to the firm's organizational climate for a number of years. This suggestion is based upon the observation that the percentage of managers possessing moral-ethical orientations increased linearly with the higher classifications of the variable "years with the company."

Aside from possible differences between industries, a partial explanation of the difference between this study

and that of England is thought to be in the dissimilarity of the respective samples. While England's sample was composed primarily of representatives of higher management, this study included a large proportion (56%) of first level line managers. Only two general manager level and 12 division level (4th and 5th level) managers participated in this study -- 3.9% of the overall sample. There were no respondents from levels higher than general manager.

In the absence of significant representation of the highest levels of management, it is interesting to speculate about the primary orientations of company officers, and possible correlations between primary orientation and success in the company. This speculation is prompted by England's results as well as the observations that both general manager respondents and four of the five respondents reporting incomes in excess of $35,000 per year possessed pragmatic orientations. Could it be that division level is the highest domain of moral-ethical orientations, that further advancement belongs to the pragmatic? If so, would this general pattern hold for other organizations?

2. The primary operative goals of New York Telephone managers participating in this study appear to be concerned with improving the quality of telephone service provided to New York Telephone subscribers. These goals are in agreement with the official goals ranked first and third in importance

by company officers.

Of almost equal importance to the respondents were goals dealing with employee welfare. Six of the nine goals placed in the highest category of operative goals (maximization criteria) dealt in one manner or other with employee centered aims. The comparable official goal of the company was ranked fourth in importance by company officers.

A distant third in importance were profit oriented goals. Only one of the top nine goals could be considered profit oriented. The official company goal dealing with profit was ranked second in importance by company officers.

In decreasing order of importance, the remaining operative goals concerned themselves with: 1) establishing a positive relationship with the Public Service Commission; 2) becoming competitive with other companies in the communications industry; and 3) developing a public, employee, and political relations policy that will re-establish confidence in the company.

The primary role of the last three groups of goals is considered to be one of testing solutions or proposed courses of action motivated by the service, employee welfare, and profit goals. If two competing courses of action were equal insofar as the maximization criteria were concerned, these goals would function as a constraint set to determine which was the most preferable.

It is the opinion of the researcher that the current

emphasis on up-grading service, in light of pressures being exerted upon the company by the environment, is probably well advised. This is suggested not only because the current level of service might undermine future rate increases or result in the passage of restrictive legislation, but also because the external pressure of the environment appears to have been transformed into internal pressure through the valuations of managers.

As appropriate as the current emphasis on service might be, however, the apparent lack of emphasis on profit oriented goals by the respondents is something which warrants further scrutiny by officers of the company. The necessity for this was underscored when, during the writing of these conclusions, the company announced its 1971 earnings -- the lowest since 1920 ($1.10 per share).

If the heightened competition foreseen by industry observers does materialize, profit oriented goals must receive greater emphasis. The alternative will be a steadily eroding market and a continuing of the downward trend in earnings.

3. In the Chi Square significance tests between personal and organizational variable classifications and the behavioral relevance scores assigned to both value concepts and operative goals, primary orientation of the individual respondents accounted for the greatest number of differences.

This was interpreted by the researcher as further indication that the primary orientation of managers can be a discriminating tool possessing predictive qualities.

The summaries of value and goal differences accounted for by primary orientation presented in Figures 29 and 30 clearly highlight the differing emphases of the three orientations. Pragmatic oriented managers assign higher importance to "hard" value concepts such as Ambition and Aggressiveness, and to goals such as earning the highest rate of return the Public Service Commission will allow. Moral-ethical orientations strike a middle-ground by emphasizing values such as Obedience and Trust, and goals such as providing the best possible service and contributing a proportional share to AT&T dividends. Affect oriented managers pose something of a puzzle in that they are not the complete antithesis of pragmatic managers, and yet this description comes as close as any. They place the highest importance on such diverse values as Leisure and Competition, and eschew profit and service oriented goals while emphasizing employee welfare goals.

Analyses were run between the classifications of primary orientation and personal and organizational variables to test for independence, and no significant differences (or even differences approaching significance) were found. The three orientations appeared to be uniformly distributed throughout the organization. Again, however, it must be remembered that aside from two general managers, there was

no response to the questionnaire from individuals above division level.

4. Differences between the behavioral relevance scores of value concepts and goals and the classifications of male and female disclosed that female managers seemed to internalize organizational values and goals more completely than their male counterparts. Of the 28 value concepts for which significant differences were noted, female managers assigned higher behavioral relevance scores to 26. Of the 13 significant differences noted in the valuation of goals, female managers placed higher importance on each of the 13.

Since, to the researcher's knowledge, this is the first time that a significant number (117) of female managers have participated in such a study, it would be interesting to speculate upon how samples drawn from government and other industries might compare with these respondents. Would they in fact reflect the orientations of their organizations, or would they remain moral-ethical? If so, would their orientations work to their detriment?

While female managers participating in this study appeared to place higher importance on various aspects of security, their higher valuations of such concepts as Success, Ambition and Prestige -- not to mention unsolicited comments written on returned questionnaires and remarks made during conversations with the researcher -- have been inter-

preted as indication that there is indeed a "women's rights" movement afoot. In a company such as New York Telephone where the majority of female managers are currently in the highest positions they can hope to attain (and Bell System spokesmen have reported that 55% of its manager force is female), such a movement can be a veritable powder keg.

5. Significant differences appear to exist between first level managers and those at higher levels. Lower level managers appear more concerned with security and maintaining the status quo than with aggressiveness or competition. The company might be well advised to re-examine its communications program with these individuals. Although they seem to keep themselves reasonably well informed about issues of vital concern to the company, these managers appeared convinced that, aside from their immediate supervisors, their individual efforts were of little concern to the management hierarchy. On the basis of data received from the questionnaires and numerous conversations with first and second level managers, it would seem advisable for division level managers to periodically meet with these lower echelons for direct two-way communications. A number of first level managers also expressed a desire for periodic training courses. A program of refresher training and technical familiarization training on new equipment might well be worth investigating. First level managers do not have to be the forgotten men.

6. This study appears to support England's [1967b] conclusion that the goals of a business are strongly influenced by the personal characteristics of its managers, in that personal variables accounted for a much larger proportion of the significant differences observed in the valuation of goals (68 out of 81 differences). However, the researcher has found little, if any, support for the suggestion that the personal characteristics of the managers have more of an impact upon the goals of the firm than the characteristics of the business. The formulation of and emphasis given operative goals appear to be the net result of numerous interactions, only two of which are the personal characteristics of the managers and the characteristics of the business. Until more research is performed and further data become available, it would be impossible to determine which has the greatest impact on the firm's goals.

7. Several avenues of future possible research have been suggested by this study. It would be interesting, for example, to administer the same questionnaire to members of the New York State Public Service Commission and compare the valuations of the regulators with those of the regulatees.

As was mentioned previously, it might be informative to perform a survey of the highest management levels of New York Telephone and determine whether their orientations were similar to those of lower management, or whether they were

closer to those of England's respondents. If the highest levels of the management hierarchy were populated primarily with individuals possessing pragmatic primary orientations, might this not then suggest a framework for most large organizations -- moral-ethical orientations dominant at the lower levels, but pragmatic orientations controlling the reins? Could it be that a pragmatic primary orientation is an important requisite for success in the large organization -- or any organization for that matter? These are but a few questions which seem to be subjects suggested for future research by this study.

As was introduced earlier in this chapter, the subject of female managers in the organization is yet another direction for further investigation. With women entering the work force at ever increasing rates, and the impact of the 1964 Equal Opportunity Law becoming more and more significant, more information is needed about female managers in the organization. Personal value systems and the valuation of operative goals is but one approach to gathering this information.

8. The recent pronouncement by John D. deButts upon succeeding H.I. Romnes as chairman and chief executive officer of AT&T that "We are determined to get this business back on the track of increasing profitability..." provides a provocative note on which to end this study.

Based upon the findings of this study, the officers of AT&T and New York Telephone have a challenging job ahead of them. They are entering a period of increased competition -- the likes of which the company has not seen since the early days of Theodore Vail -- burdened by a generally hostile media, beset by nascent consumer action groups, and extremely vulnerable to crusades launched by aspiring politicians. These elements, combined with a lower and middle management force which appears to place profit considerations a distant third to service and employee welfare, clearly indicate that the company will have to be more aware than ever before of where it is going, and how it plans to get there. Moreover, it must determine how to transform its official goals into operative goals for all its managers, with emphasis as close as possible to that which is desired.

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Appendix A

RENSSELAER POLYTECHNIC INSTITUTE
School of Management
Troy, New York 12181

Dear Sir/Madam: 4 August 1971

Attached is a questionnaire on Personal Value Systems and Company Goals which you are requested to complete and return in the envelope provided.

You are no doubt aware of certain problems which exist within the military today. Your cooperation will assist me in developing a technique whereby I will be able to examine the personal value systems of members of military organizations and determine what goals are relevant to them.

Pertaining to this research, some points in which you might be interested:

1. There is no such thing as a "best" or "better" personal value system -- personal value systems just are.
2. Personal value systems reflect the influences of the times, institutions (educational, social, and religious), and the organizations within which we work -- there is nothing evaluative about them.
3. Although the summaries of my findings will come to you through the Company, no one within New York Telephone will have access to the completed forms -- what you put on the forms is between you and me only.

I would like to thank you in advance for your cooperation. It is difficult for an outsider to enter an organization and gain the cooperation of its members; however, as a group you have received me most openly and warmly. For this I am sincerely grateful.

Yours truly,

T. Roger Manley

T. ROGER MANLEY
Major, U.S. Air Force

1 Atch
Questionnaire

PERSONAL VALUES AND COMPANY GOALS QUESTIONNAIRE

This questionnaire is divided into three parts: I. Personal Values; II. Company Goals; and III. Personal Information. The Personal Values section has been developed by Professor George W. England and his associates at the Industrial Relations Center, University of Minnesota.* The Company Goals section was developed by the researcher after an intensive study of official New York Telephone Company documentation, and a period of observation and interviewing of a large number of New York Telephone Company employees at their work.

The aim of this study is to provide further information on the Personal Value Systems of American managers. This is a continuing study which, in large part, has been pioneered by Professor England. What is somewhat novel about this study is the application of the Personal Values findings to the valuation of Company goals. At the conclusion of this work I hope to be in a position to state, "This is what New York Telephone is actually trying to do. Here are the Organization's goals in order of importance." My conclusions will be based on recognition of the fact that goals are not established in a vacuum and simply proclaimed -- they are the net summation of [illegible] goals recognized and sought by members of the entire Company.

Practical considerations mandate that this study be limited to managers only, and at that, a limited number of managers selected in a random process designed to ensure that results will be representative of the entire Company. Therefore, the success of this research depends upon your cooperation and assistance.

INSTRUCTIONS

You will be asked to judge, on the basis of what they mean to <u>you</u> as an individual, the degree to which each topic and goal is: (1) important, (2) pleasant, (3) right, and (4) successful.

Rate how <u>important</u> a topic or goal is to <u>you</u> by placing an "X" in the appropriate box: the left box signifies high importance; the middle box, average importance; and the right box, low importance.

Then specify which of the three descriptions (successful, pleasant, right) best indicates the <u>meaning to you</u> of the topic or goal; indicate your choice by placing the number "1" on the line next to it. Then indicate which description <u>least</u> indicates the topic or goal's meaning to you by writing the number "3" in the space provided. Finally, write the number "2" next to the remaining description. Please complete all topics and goals in this manner and check to see that the three descriptions for each topic have been ranked in the manner instructed.

<u>TOPIC/GOAL</u>

High Importance ☐ ☐ ☐ Low Importance

___pleasant

___right

___successful

EXAMPLES

****

Patriotism	Dishonesty
High Importance [ ] [X] [ ] Low Importance	High Importance [ ] [X] [ ] Low Importance
_2_ pleasant	_2_ pleasant
_1_ right	_3_ right
_3_ successful	_1_ successful

****

The above examples can be used to illustrate how the questionnaire should be completed. For example, if you felt that the topic PATRIOTISM was of average importance, you place an "X" in the middle box as indicated. If you felt that of the three descriptions (pleasant, right, and successful) "right" best indicates what the topic means to you, you would write the number "1" next to "right". If the description "successful" least indicates what the topic means to you, then you would write the number "3" next to "successful" as is shown in the example above. Then you would place the number "2" next to the remaining description, in this case "pleasant".

For some of the topics or goals you may feel that none of the descriptions apply. For example, you may feel that for the topic DISHONESTY, neither "pleasant", "right", nor "successful" indicates the meaning to you. If you have this problem, you might begin by deciding which description __least__ indicates the topic's meaning to you. For example, for the topic DISHONESTY if you felt that "right" least indicates the topic's meaning to you, you would write the number "3" next to "right", and so on for the remaining descriptions as shown in the example.

Remember, __you__ are the focus of this study. Do not concern yourself with how others might complete the questionnaire -- what is important is how __you__ judge the topics and goals.

PART I

PERSONAL VALUES

IDEAS ASSOCIATED WITH PEOPLE

Ambition High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right	**Ability** High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right	**Obedience** High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right
Trust High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right	**Aggressiveness** High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right	**Loyalty** High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right
Prejudice High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right	**Compassion** High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right	**Skill** High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right
Cooperation High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right	**Tolerance** High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right	**Conformity** High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right
	Honor High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right	

PERSONAL GOALS OF INDIVIDUALS

Leisure

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant

____ successful

____ right

Dignity

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant

____ successful

____ right

Achievement

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant

____ successful

____ right

Autonomy

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant

____ successful

____ right

Money

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant

____ successful

____ right

Individuality

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant

____ successful

____ right

Job Satisfaction

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant

____ successful

____ right

Influence

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant

____ successful

____ right

Security

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant

____ successful

____ right

Power

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant

____ successful

____ right

Creativity

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant

____ successful

____ right

Success

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant

____ successful

____ right

Prestige

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant

____ successful

____ right

GOALS OF BUSINESS ORGANIZATIONS

High Productivity

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

Industry Leadership

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

Employee Welfare

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

Organizational Stability

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

Profit Maximization

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

Organizational Efficiency

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

Social Welfare

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

Organizational Growth

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

GROUPS OF PEOPLE

Employees	Customers	My Co-Workers
High Imp. ☐ ☐ ☐ Low Imp.	High Imp. ☐ ☐ ☐ Low Imp.	High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant	____ pleasant	____ pleasant
____ successful	____ successful	____ successful
____ right	____ right	____ right
Craftsmen	**My Boss**	**Managers**
High Imp. ☐ ☐ ☐ Low Imp.	High Imp. ☐ ☐ ☐ Low Imp.	High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant	____ pleasant	____ pleasant
____ successful	____ successful	____ successful
____ right	____ right	____ right
Owners	**My Subordinates**	**Laborers**
High Imp. ☐ ☐ ☐ Low Imp.	High Imp. ☐ ☐ ☐ Low Imp.	High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant	____ pleasant	____ pleasant
____ successful	____ successful	____ successful
____ right	____ right	____ right
My Company	**Blue Collar Workers**	**Stockholders**
High Imp. ☐ ☐ ☐ Low Imp.	High Imp. ☐ ☐ ☐ Low Imp.	High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant	____ pleasant	____ pleasant
____ successful	____ successful	____ successful
____ right	____ right	____ right
Technical Employees	**Me**	**Labor Unions**
High Imp. ☐ ☐ ☐ Low Imp.	High Imp. ☐ ☐ ☐ Low Imp.	High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant	____ pleasant	____ pleasant
____ successful	____ successful	____ successful
____ right	____ right	____ right

GROUPS OF PEOPLE (cont'd)

White Collar Employees

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

IDEAS ABOUT GENERAL TOPICS

Authority

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

Caution

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

Change

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

Competition

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

Compromise

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

Conflict

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

Conservatism

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

Emotions

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

Equality

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

IDEAS ABOUT GENERAL TOPICS (cont'd)

Force	Government	Liberalism
High Imp. ☐ ☐ ☐ Low Imp.	High Imp. ☐ ☐ ☐ Low Imp.	High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant	____ pleasant	____ pleasant
____ successful	____ successful	____ successful
____ right	____ right	____ right

Property	Rational	Religion
High Imp. ☐ ☐ ☐ Low Imp.	High Imp. ☐ ☐ ☐ Low Imp.	High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant	____ pleasant	____ pleasant
____ successful	____ successful	____ successful
____ right	____ right	____ right

Risk
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

PART II

COMPANY GOALS

GENERAL EFFICIENCY GOALS

1. To achieve minimum acceptable levels (or better) on productivity indicies (Work Units/Hour, control of overtime expenditures, etc.)

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant

____ successful

____ right

---

2. To provide the best service possible to the customers.

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant

____ successful

____ right

---

3. To plan for and provide the capability to maintain service at the highest possible levels (training, plant investment, phasing out of obsolete equipment, hiring competent employees, etc.)

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant

____ successful

____ right

---

4. To earn the highest rate of return on investment that the Public Service Commission will permit.

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant

____ successful

____ right

GENERAL EFFICIENCY GOALS (cont'd)

5. To achieve minimum acceptable levels (or better) on the service indicies (Maintenance Index, Toll and Assistance Index, etc.)

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

---

6. To achieve significant earnings growth.

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

---

7. To minimize the number of complaints from customers to the PSC and the Company.

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

---

8. To be competitive with other companies providing communications equipment and services to customers in the State.

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

GENERAL EFFICIENCY GOALS (cont'd)

9. To contribute a proportional share to the dividends paid to AT&T stockholders.

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant

____ successful

____ right

---

10. To achieve a level of profitability which is competitive with those of other companies in the Bell System.

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant

____ successful

____ right

---

11. To decrease operating costs through greater efficiency -- with emphasis on more highly trained personnel, improved equipment, etc.

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant

____ successful

____ right

---

12. To achieve service indicies which are competitive with those of other companies in the Bell System.

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant

____ successful

____ right

GOALS ASSOCIATED WITH PEOPLE AND SOCIETY

1. To render whatever emergency services might be needed by the community.

   High Imp. ☐ ☐ ☐ Low Imp.

   ____ pleasant
   ____ successful
   ____ right

---

2. To pay employees a high enough wage to ensure that they are compensated equitably for their work and that they will remain with the Company.

   High Imp. ☐ ☐ ☐ Low Imp.

   ____ pleasant
   ____ successful
   ____ right

---

3. To participate in and actively support community activities.

   High Imp. ☐ ☐ ☐ Low Imp.

   ____ pleasant
   ____ successful
   ____ right

---

4. To promote employees on the basis of achievement and capability.

   High Imp. ☐ ☐ ☐ Low Imp.

   ____ pleasant
   ____ successful
   ____ right

GOALS ASSOCIATED WITH PEOPLE AND SOCIETY (cont'd)

5. To help develop employees so that they will rise to the highest levels consistent with their ability.

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

---

6. To help protect the environment.

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

---

7. To make the Company a place where employees know that they are valued as individuals and team members.

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

---

8. To assist the underprivileged or disadvantaged in joining the mainstream of society as productive members by providing job and training opportunities.

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

GOALS ASSOCIATED WITH PEOPLE AND SOCIETY (cont'd)

9. To compensate employees at levels which are comparable to or above those paid by other companies in the State.

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

---

10. To recognize and encourage innovation and solid achievement.

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

---

11. To aid the economy by providing jobs within the community.

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

---

12. To ensure that employees receive fair treatment and are respected as individuals.

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant
____ successful
____ right

GOALS ASSOCIATED WITH PEOPLE AND SOCIETY (cont'd)

13. To remain "ethical" in our dealings with the community.

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant

____ successful

____ right

14. To provide job security -- with strong assurances that no employee will be laid-off, except for just cause.

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant

____ successful

____ right

15. Insofar as is possible, make working for the Company an enjoyable experience -- i.e., minimize pressures from "above", adequate parking, pleasant working conditions, good cafeteria facilities, etc.

High Imp. ☐ ☐ ☐ Low Imp.

____ pleasant

____ successful

____ right

PART III

PERSONAL INFORMATION

PERSONAL INFORMATION

1. Number of years with the Company (check one):

___0-2 years
___3-5 years
___6-10 years
___11-15 years
___16-20 years
___21-30 years
___Over 30 years

2. Total time as a manager (check one):

___0-2 years
___3-5 years
___6-10 years
___11-15 years
___16-20 years
___21-30 years
___Over 30 years

3. Your age (check one):

___Under 26 years
___26-30 years
___31-34 years
___35-39 years
___40-44 years
___45-49 years
___50-54 years
___55-59 years
___Over 59 years

4. Formal Education (check highest completed):

___Grade School
___Some High School
___High School Diploma
___Some College
___College Degree
___Some Graduate Work
___Masters Level Degree
  ___Bus Admin/Mgmt
  ___Science/Engr
  ___Other
___Work Beyond Masters

5. College Major -- Undergraduate (check one):

___Social Sciences
___Liberal Arts
___Business Admin
___Engineering
___Science
___Mathematics
___Other

5. Sex:

___Male

___Female

6. Present yearly income from present position (check one):

___Under $11,999	___$30,000 to $34,999
___$12,000 to $14,999	___$35,000 to $39,999
___$15,000 to $19,999	___$40,000 to $49,999
___$20,000 to $24,999	___$50,000 to $74,999
___$25,000 to $29,999	___Over $75,000

7. Do you own any shares of AT&T stock?

___Yes

___No

8. Choose the ONE of the following statements which best tells how well you like your job. Place a check mark in front of that statement.

___1. I hate it.

___2. I dislike it.

___3. I don't like it.

___4. I am indifferent to it.

___5. I like it.

___6. I am enthusiastic about it.

___7. I love it.

9. Check one of the following to show HOW MUCH OF THE TIME you feel satisfied with your job:

___1. All the time.

___2. Most of the time.

___3. A good deal of the time.

___4. About half of the time.

___5. Occasionally.

___6. Seldom.

___7. Never.

10. Check the ONE of the following which best tells how you feel about changing your job:

___1. I would quit this job at once if I could get anything else to do.

___2. I would take almost any other job in which I could earn as much as I am earning now.

___3. I would like to change both my job and my occupation.

___4. I would like to exchange my present job for anotner job.

___5. I am not eager to change my job, but I would do so if I could get a better job.

___6. I cannot think of any jobs for which I would exchange.

___7. I would not exchange my job for any other.

11. Check ONE of the following to show how you think you compare with other people.

___1. No one likes his job better than I like mine.

___2. I like my job much better than most people like theirs.

___3. I like my job better than most people like theirs.

___4. I like my job about as well as most people like theirs.

___5. I dislike my job more than most people dislike theirs.

___6. I dislike my job much more than most people dislike theirs.

___7. No one dislikes his job more than I dislike mine.

12. Present department in Company (check one):

___Commercial	___Marketing
___Plant	___Sales
___Traffic	___Directory
___Accounting	___Operating Staff
___Buildings & Supplies	___Personnel
___Engineering	___Public Affairs
___Public Telephone	___Public Relations
___Legal	___Revenues
___Secretary & Treasury	___Other

13. Place check(s) next to Department(s) <u>other than</u> the one to which currently assigned, in which you have worked.

___Commercial	___Marketing
___Plant	___Sales
___Traffic	___Directory
___Accounting	___Operating Staff
___Buildings & Supplies	___Personnel
___Engineering	___Public Affairs
___Public Telephone	___Public Relations
___Legal	___Revenues
___Secretary & Treasury	___Other

14. Is your <u>present</u> position a line or staff job? (check one)
___Line Management
___Staff Management
___Combined Line and Staff

15. How long have you been in your <u>present</u> position? (check one)

___Under 1 year	___6-10 years
___1-3 years	___Over 10 years
___4-5 years	

16. Salary Grade (check one):
___First Level
___Second Level
___District Level
___Division Level
___General Manager/Department Head
Officer Level:
___Two Levels Below President
___One Level Below President
___President

17. How many employees do you <u>directly</u> supervise? (Give number)

____

18. How many employees are under your overall supervision? (check one)

___0-9	___300-499
___10-24	___500-999
___25-49	___1000-2499
___50-99	___2500-4999
___100-299	___Over 5000

19. The Territory in which you work (check one):

___Manhattan-Bronx-Westchester

___Long Island

___Mid Hudson

___Upstate

20. Are you a graduate of an IMDP program? (check one)

_____Yes _____No

THANK YOU FOR YOUR COOPERATION

Appendix B

Personal Values Questionnaire

INDUSTRIAL RELATIONS CENTER
UNIVERSITY OF MINNESOTA

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Industrial Relations Center,
University of Minnesota

INFORMATION

16. Choose the ONE of the following statements which best tells how well you like your job. Place a check mark in front of that statement.

____1. I hate it.
____2. I dislike it.
____3. I don't like it.
____4. I am indifferent to it.
____5. I like it.
____6. I am enthusiastic about it.
____7. I love it.

17. Check one of the following to show HOW MUCH OF THE TIME you feel satisfied with your job:

____1. All the time.
____2. Most of the time.
____3. A good deal of the time.
____4. About half of the time.
____5. Occasionally.
____6. Seldom.
____7. Never.

18. Check the ONE of the following which best tells how you feel about changing your job:

____1. I would quit this job at once if I could get anything else to do.
____2. I would take almost any other job in which I could earn as much as I am earning now.
____3. I would like to change both my job and my occupation.
____4. I would like to exchange my present job for another job.
____5. I am not eager to change my job, but I would do so if I could get a better job.
____6. I cannot think of any jobs for which I would exchange.
____7. I would not exchange my job for any other.

19. Check one of the following to show how you think you compare with other people.

____1. No one likes his job better than I like mine.
____2. I like my job much better than most people like theirs.
____3. I like my job better than most people like theirs.
____4. I like my job about as well as most people like theirs.
____5. I dislike my job more than most people dislike theirs.
____6. I dislike my job much more than most people dislike theirs.
____7. No one dislikes his job more than I dislike mine.

THANK YOU

PERSONAL

1. Title of your present position:

____

2. Functional Department in Company (check one)
   - ____Production
   - ____Operations
   - ____Sales/Distribution
   - ____Engineering
   - ____Finance/Accounting
   - ____Personnel/Industrial Relations
   - ____Public Relations/Advertising
   - ____Research and Development
   - ____General Administration
   - ____Other (please specify)________

3. Is your position a line or staff job? (check one)
   - ____Line Management
   - ____Staff Management
   - ____Combined Line and Staff

4. How many levels of supervision are there in your company (from first-level supervisor to president)? (Give number)

____

5. How many levels of supervision are there above your position? (Give number)

____

6. Time in Present Position (check one):
   - ____Under 1 year
   - ____1-3 years
   - ____4-5 years
   - ____6-10 years
   - ____11-15 years
   - ____Over 15 years

7. Total time with Company (check one):
   - ____0-1 year
   - ____2-3 years
   - ____4-5 years
   - ____6-10 years
   - ____11-20 years
   - ____21-30 years
   - ____Over 30 years

8. Total Time as a Manager (check one):
   - ____0-5 years
   - ____6-10 years
   - ____11-15 years
   - ____16-20 years
   - ____21-30 years
   - ____Over 30 years

9. Approximately how many employees (management and non-management) are there in your company? (Check one):
   - ____0-49
   - ____50-99
   - ____100-499
   - ____500-999
   - ____1,000-4,999
   - ____5,000-9,999
   - ____10,000-29,999
   - ____30,000-99,999
   - ____100,000-299,999
   - ____300,000 or over

10. Type of Company you work for (check one)
    - ____Agricultural
    - ____Mining
    - ____Contract Construction
    - ____Manufacturing
    - ____Transportation and Public Utilities
    - ____Wholesale and Retail Trade
    - ____Finance, Insurance and Real Estate
    - ____Services (e.g. hotels, laundries)
    - ____Government
    - ____Other (please specify)

11. Your Age (check one):
    - ____20-29
    - ____30-34
    - ____35-39
    - ____40-44
    - ____45-49
    - ____50-54
    - ____55-59
    - ____60 or over

12. Sex:
    - ____Male
    - ____Female

13. Formal Education (check highest completed):
    - ____Some high school
    - ____High School Degree
    - ____Some College
    - ____College Degree
    - ____Post-Graduate Work

14. Major in College (check one):
    - ____(Did not attend college)
    - ____Humanities
    - ____Fine Arts
    - ____Engineering
    - ____Business Administration
    - ____Physical Sciences
    - ____Biological Sciences
    - ____Social Sciences
    - ____Other (please specify)________

15. Present Yearly Income from Position (check one):
    - ____Under $8,000
    - ____$8,000 to $8,999
    - ____$9,000 to $11,999
    - ____$12,000 to $14,999
    - ____$15,000 to $19,999
    - ____$20,000 to $24,999
    - ____$25,000 to $34,999
    - ____$35,000 to $49,999
    - ____$50,000 to $74,999
    - ____Over $75,000

Personal Values Questionnaire

This questionnaire is part of a research study of personal values. The aim of the study is to find out how individuals look at a wide range of topics. These topics are about people, groups of people, personal goals, organizational goals and general ideas.

You will be asked to judge the degree to which each topic is: (1) important, (2) pleasant, (3) right, and (4) successful. In completing this questionnaire, please make your judgments on the basis of what these topics mean to you as an individual.

Under no circumstances will your individual responses be made available to anyone except the research workers. The data we are attempting to gather are for use only in our research project on personal values.

In advance we wish to thank you for your participation in this study. It is through cooperation in studies such as this that we all advance our understanding of human behavior.

Instructions

Rate how important a topic is to you by placing an "X" in the appropriate box: the left box signifies high importance; the middle box, average importance; and the right box, low importance.

Then specify which of the three descriptions (successful, pleasant, right) best indicates the meaning of the topic to you; indicate your choice by placing the number "1" on the line next to it. Then indicate which description least indicates the topic's meaning to you by writing the number "3" in the space provided. Finally, write the number "2" next to the remaining description. Complete all topics in this manner and check to see that the three descriptions for each topic have been ranked in the manner instructed.

Examples

As an example, take the topic PATRIOTISM. If you felt that it is of average importance, you would make a check mark in the middle box as indicated. If you felt that of the three descriptions (pleasant, right, and successful) "right" best indicates what the topic means to you, you would write the number "1" next to "right". If the description "successful" least indicates what the topic means to you, then you would write the number "3" next to "successful", as shown in the sample below. Then you would place the number "2" next to the remaining description, in this case "pleasant".

For some topics you may feel that none of the descriptions apply. For example, you may feel that for the topic DISHONESTY, neither "pleasant", "right" nor "successful" indicates the meaning to you. If you have this trouble, you may begin by deciding which description least indicates the topic's meaning to you. For example, for the topic DISHONESTY if you felt that "right" least indicates the topic's meaning to you, you would write the number "3" next to "right", and so on for the remaining descriptions as shown in the sample.

Patriotism

High Importance ☐ ☒ ☐ Low Importance

2 pleasant
1 right
3 successful

Dishonesty

High Importance ☐ ☒ ☐ Low Importance

2 pleasant
3 right
1 successful

Ideas About General Topics

Authority	Caution	Change
High Imp. ☐ ☐ ☐ Low Imp.	High Imp. ☐ ☐ ☐ Low Imp.	High Imp. ☐ ☐ ☐ Low Imp.
___ pleasant	___ pleasant	___ pleasant
___ successful	___ successful	___ successful
___ right	___ right	___ right
Competition	**Compromise**	**Conflict**
High Imp. ☐ ☐ ☐ Low Imp.	High Imp. ☐ ☐ ☐ Low Imp.	High Imp. ☐ ☐ ☐ Low Imp.
___ pleasant	___ pleasant	___ pleasant
___ successful	___ successful	___ successful
___ right	___ right	___ right
Conservatism	**Emotions**	**Equality**
High Imp. ☐ ☐ ☐ Low Imp.	High Imp. ☐ ☐ ☐ Low Imp.	High Imp. ☐ ☐ ☐ Low Imp.
___ pleasant	___ pleasant	___ pleasant
___ successful	___ successful	___ successful
___ right	___ right	___ right
Force	**Government**	**Liberalism**
High Imp. ☐ ☐ ☐ Low Imp.	High Imp. ☐ ☐ ☐ Low Imp.	High Imp. ☐ ☐ ☐ Low Imp.
___ pleasant	___ pleasant	___ pleasant
___ successful	___ successful	___ successful
___ right	___ right	___ right
Property	**Rational**	**Religion**
High Imp. ☐ ☐ ☐ Low Imp.	High Imp. ☐ ☐ ☐ Low Imp.	High Imp. ☐ ☐ ☐ Low Imp.
___ pleasant	___ pleasant	___ pleasant
___ successful	___ successful	___ successful
___ right	___ right	___ right
	Risk	
	High Imp. ☐ ☐ ☐ Low Imp.	
	___ pleasant	
	___ successful	
	___ right	

Groups of People

Employees
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

Customers
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

My Co-Workers
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

Craftsmen
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

My Boss
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

Managers
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

Owners
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

My Subordinates
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

Laborers
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

My Company
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

Blue Collar Workers
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

Stockholders
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

Technical Employees
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

Me
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

Labor Unions
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

White Collar Employees
High Imp. ☐ ☐ ☐ Low Imp
____ pleasant
____ successful
____ right

Ideas Associated With People

Ambition
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

Ability
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

Obedience
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

Trust
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

Aggressiveness
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

Loyalty
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

Prejudice
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

Compassion
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

Skill
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

Cooperation
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

Tolerance
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

Conformity
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

Honor
High Imp. ☐ ☐ ☐ Low Imp.
____ pleasant
____ successful
____ right

Personal Goals of Individuals

Leisure High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right	**Dignity** High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right	**Achievement** High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right
Autonomy High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right	**Money** High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right	**Individuality** High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right
Job Satisfaction High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right	**Influence** High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right	**Security** High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right
Power High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right	**Creativity** High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right	**Success** High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right
	Prestige High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right	

Goals of Business Organizations

High Productivity High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right	**Industry Leadership** High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right	**Employee Welfare** High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right
Organizational Stability High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right	**Profit Maximization** High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right	**Organizational Efficiency** High Imp. ☐ ☐ ☐ Low Imp ____ pleasant ____ successful ____ right
Social Welfare High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right	**Organizational Growth** High Imp. ☐ ☐ ☐ Low Imp. ____ pleasant ____ successful ____ right	

Appendix C

UNIVERSITY OF Minnesota

INDUSTRIAL RELATIONS CENTER
537 BUSINESS ADMINISTRATION BUILDING • MINNEAPOLIS, MINNESOTA 55455

April 21, 1971

Major T. Rogar Manley
30 Denison Road
Schenectady, New York 12309

Dear Major Manley:

I just returned to Minnesota from a research leave in Indua and Australia where we are studying managerial value systems in those two countries.

You may certainly have permission to use the Personal Values Questionnaire, and I will be most interested in your findings. I enclose several related publications from our work that might be of use to you. Your topic is indeed a complex one, but one that is certainly of value. I have toyed with the idea of a similar project but just haven't had the time.

I wish you the best of luck and hope that you will send me any reports that come from your study. I hope we can meet in the future.

Sincerely yours,

G W England

George W. England
Professor of Psychology
and Industrial Relations

GWE:lfl

Enclosures/Under separate cover

SUBJECT: Study of Organization Goals by T. Roger Manley, Major, United States Air Force.

Appendix D

Albany, New York, July 1, 1971

ASSISTANT GENERAL MANAGER, EASTERN AREA:
ASSISTANT GENERAL MANAGER, NORTHERN AREA:
ASSISTANT GENERAL MANAGER, CENTRAL AREA:
ASSISTANT GENERAL MANAGER, WESTERN AREA:
GENERAL ACCOUNTING SUPERVISOR:
GENERAL PLANT FACILITIES SUPERVISOR:
GENERAL PLANT SUPERVISOR:
GENERAL SALES SUPERVISOR:
GENERAL STAFF SUPERVISOR-COMMERCIAL, TRAFFIC:
GENERAL TRANSMISSION AND EQUIPMENT ENGINEER:
DIRECTORY MANAGER:

Major T. Roger Manley, U. S. Air Force, is a candidate for a Ph.D degree from the Rensselaer Polytechnic Institute Graduate School of Management and is specializing in the area of Organizational Behavior. During the next six months, he will be working on a study concerning New York Telephone Company [illegible] organization goals.

Similarity of [illegible] confronting the Department of Defense and the New York Telephone Company is Major Manley's primary reason for selecting our organization as the object of his research. Many of the techniques and much of what he learns will be directly transferrable to subsequent work he will perform as an internal government consultant and a faculty member of the Air Force Institute of Technology at Dayton, Ohio.

The study is designed to recognize the impact of our current environment and the personal value systems of managers on the goals of an organization, and will attempt to determine what the <u>actual</u> goals are <u>throughout</u> the Company.

From our point of view, we believe that we can benefit from having an objective and informed outsider come into our organization and look at the goals which are being pursued throughout the Company. At the conclusion of his work, Major Manley will provide each of us with a summary of his findings.

In performing his research, Major Manley will make use of a Personal Values Questionnaire, informal conversations with managers at various levels and in various geographical areas throughout the Company, and will study pertinent Company documentation and records. Much of his effort will concentrate on the Upstate Territory.

Arrangements for visits with management people in your Area or Department will be made through you by Major Manley prior to his arrival.

If you have any questions, please call 518-471-6875.

General Personnel Supervisor

Copy to: Major Manley

Appendix E

RENSSELAER POLYTECHNIC INSTITUTE
School of Management
Troy, New York 12181

Dear Sir/Madam:

22 September 1971

Attached is a copy of the questionnaire on Personal Values and Company Goals. If you have already completed one and mailed it to me, thank you very much for your cooperation -- there is no need to fill out another one. If it isn't too much trouble, I would appreciate your returning this questionnaire to Mr. Stack's office by Company mail and I will pick it up there

If you haven't gotten around to filling out a questionnaire or perhaps have mislaid it, please fill out this questionnaire and mail it to me in the stamped return envelope.

So far I have received 10 completed questionnaires from Schenectady, 6 from Troy, and 2 from Saratoga. Quite frankly, this level of return is not sufficient for my needs and I am in deep trouble.

I fully appreciate the ill-advised timing of this survey, and the demands that are being placed upon your time. Had I any alternative, I most certainly would have waited until the strike had ended. However, the Air Force is reassigning me shortly and I do not have the time to wait the strike out. As a result, I am totally dependent upon your good will and cooperation.

I would appreciate any consideration that you could give this request.

Yours truly,

T. Roger Manley

T. ROGER MANLEY
Major, U.S. Air Force

1 Atch: Questionnair

Appendix F

RENSSELAER POLYTECHNIC INSTITUTE
School of Management
Troy, New York 12181

Dear Sir/Madam: 29 December 1971

Attached is a questionnaire on Personal Value Systems and Company Goals which you are requested to complete and return in the envelope provided.

Aside from helping me fulfill the requirements for the doctoral degree, your cooperation will assist me in developing a technique whereby I will be able to examine the personal value systems of members of military organizations and determine what goals are relevant to them.

Pertaining to this research, there are some points in which you might be interested:

1. There is no such thing as a "best" or "better" personal value system -- personal value systems just are.

2. Personal value systems reflect the influences of the times, institutions (educational, social, and religious), and organizations within which we work -- there is nothing evaluative about them.

3. No one but me will have access to the completed questionnaire, you are assured complete anonymity in your responses.

I would like to thank you in advance for your cooperation. It is difficult for an outsider to enter an organization and gain the cooperation of its members; however, as a group you have received me most openly and warmly. For this I am sincerely grateful.

Yours truly,

T. Roger Manley

T. ROGER MANLEY
Major, U.S. Air Force

1 Atch
Questionnaire

18. How many employees are under your overall supervision? (check one)

___0-9	___300-499
___10-24	___500-999
___25-49	___1000-2499
___50-99	___2500-4999
___100-299	___Over 5000

19. The Territory in which you work (check one):

___MID-STATE

- __Bronx
- __Westchester
- __Mid-Hudson
- __Territory Headquarters

___UPSTATE

___MANHATTAN

___BROOKLYN-QUEENS

___NASSAU-SUFFOLK

___CORPORATE HEADQUARTERS

20. Are you a graduate of an IMDP program? (check one)

____Yes ____No

****

THANK YOU FOR YOUR COOPERATION

****

Appendix H

Robert M. Burke
Vice President

New York Telephone
4 Corporate Park Drive
White Plains, New York 10604
(914) 390-7667

December 28, 1971

DEAR MID-STATE MANAGER:

To complete a doctoral research project involving a comparison of personal goals and values between managers of corporate and military establishments, Major T. Roger Manley of the United States Air Force has asked our help. Major Manley has chosen at random, five hundred names of Mid-State management people, and yours has been selected.

The enclosed questionnaire should take about one half hour to complete. I would appreciate, as soon as you can, your forwarding the completed questionnaire to Major Manley in the envelope provided. Your personal anonymity is assured, and only statistical analyses are involved in the comparative exercise.

Thank you for your cooperation.

Sincerely,

Bob Burke

Enclosures

Rensselaer Polytechnic Institute

TROY, NEW YORK 12181

SCHOOL OF MANAGEMENT

11 January 1972

Dear Sir/Madam

Approximately two weeks ago you received a copy of the questionnaire on Personal Values and Company Goals. If you have already completed it and mailed it to me, I thank you very much for your cooperation.

If you have not quite gotten around to filling out the questionnaire, I would ask you to please consider doing so. To date I have received slightly less than a twenty percent response from the Mid State Territory, and this is insufficient for my needs. Research in Organizational Behavior succeeds or fails on the basis of the degree of cooperation of the participants. At this time the outcome of almost four years of work on my part is in jeopardy. I can only succeed with your help.

I fully appreciate the ill-advised timing of this survey and the demands which are being placed upon your time. Had I any alternative, I most certainly would have waited until the strike ended. However, I am being reassigned to the Mid-West shortly and do not have the time to wait the strike out.

I would deeply appreciate any consideration you could give this request. Thank you.

Yours truly,

T. Roger Manley

T. ROGER MANLEY
Major, U.S. Air Force

VITA

Major Thomas Roger Manley was born on 26 June 1935 in Yonkers, New York. He graduated from Cardinal Hayes High School in Bronx, New York in 1953, and matriculated for one year at Manhattan College as a student in the College of Liberal Arts. As an enlisted member of the U.S. Naval Reserve, he won a competitive appointment to the U.S. Naval Academy at Annapolis, Maryland. He graduated from the Naval Academy in June 1958 and was commissioned a Second Lieutenant in the U.S. Air Force. His initial assignment was as a cadre member of the first Titan I Intercontinental Ballistic Missile Squadron. This assignment placed him at Cape Canaveral, Florida for early flight testing of that missile, and at Vandenberg AFB, California, for the installation and checkout of the first underground missile silos in the United States. Subsequent assignments placed him as a Missile Combat Crew Commander in an operational Titan I squadron, and as Chief of Systems Integration of the Titan III Space Launch Vehicle Division at Cape Kennedy.

Major Manley received a Master of Science degree in Management from Rensselaer Polytechnic Institute in 1965. Returning to that institution in 1969, he began work on a Doctor of Philosophy degree, which was awarded to him in 1972.

During his assignment to Cape Kennedy (1965-69) Major Manley became associated with the Florida Institute of Technology as an adjunct faculty member, and (in off duty time) functioned as

the Head of the Management Science Department from 1968-69. He is currently an Assistant Professor of Systems Management in the School of Engineering, Air Force Institute of Technology, Wright-Patterson AFB, Ohio.

Major Manley is married to the former Eleyse Connell of Haworth, New Jersey, and has four children: Robert, Kate, Joan, and Roger.

— April 1972 —